

Congressional Record

SEVENTY-SECOND CONGRESS, FIRST SESSION

SENATE

MONDAY, MAY 2, 1932

(Legislative day of Friday, April 29, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H. R. 719) to authorize the modification of the boundary line between the Panama Canal Zone and the Republic of Panama, and for other purposes, and it was signed by the President pro tempore.

CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Stelwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsbrough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

PETITIONS AND MEMORIALS

Mr. SHORTRIDGE presented a resolution adopted by the San Francisco (Calif.) Section, National Council of Jewish Women, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

Mr. BLAINE presented a petition of 70 citizens of Westby, Ashton, and Virqua, Wis., praying for the maintenance of the prohibition law and its enforcement, and opposing any measure looking toward its modification, resubmission to the States, or repeal, which was referred to the Committee on the Judiciary.

Mr. ASHURST presented a telegram in the nature of a memorial from Federal employees of Local No. 295, Leupp, Ariz., signed by Gabriella Dent, secretary, remonstrating against Federal salary cuts, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from the Keep Tucson Wages Up Conference, signed by

R. L. Yates, chairman, and H. R. Voncolbitz, secretary, of Tucson, Ariz., remonstrating against Federal wage cuts and favoring the imposition of higher taxes on incomes, which was referred to the Committee on Appropriations.

He also presented a telegram in the nature of a memorial from E. P. McDowell, department adjutant, American Legion, Phoenix, Ariz., opposing the making of drastic cuts in veterans' compensation without adequate hearings, which was referred to the Committee on Finance.

Mr. NEELY presented a letter in the nature of a petition from D. M. McCartney, of Hacker Valley, W. Va., praying for the payment of World War veterans' adjusted-compensation certificates, to be financed by the issuance of "baby bonds," which was referred to the Committee on Finance.

Mr. KEAN presented a resolution adopted by Monmouth Grange, No. 92, Patrons of Husbandry, of Freehold, N. J., protesting against the imposition of taxes on automobiles, trucks, tires, accessories, and gasoline, which was referred to the Committee on Finance.

Mr. TYDINGS presented a petition of sundry citizens of Bethesda and Chevy Chase, Md., praying for the passage of legislation providing for the closing of barber shops on Sunday in the District of Columbia, known as the Copeland Sunday health bill, which was referred to the Committee on the District of Columbia.

REVALUATION OF ESTATES

Mr. WAGNER. Mr. President, I request that there be printed in the RECORD a letter received by me from the Lieutenant Governor of the State of New York in reference to the provision of the revenue bill dealing with the revaluation of estates, together with a memorandum accompanying the letter prepared by the director of the budget of the State of New York. I ask also that the letter and memorandum be referred to the Committee on Finance.

There being no objection, the letter and accompanying memorandum were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, April 30, 1932.

HON. ROBERT F. WAGNER,

United States Senate, Washington, D. C.

MY DEAR SENATOR WAGNER: At the request of Governor Roosevelt and myself, Mr. Mark Graves, Director of the Budget, has forwarded to you a memorandum prepared by him in connection with section 810 of the House revenue bill of 1932 (H. R. 10236) relative to the revaluation of estates for the purposes of the Federal estate tax.

I commend this memorandum to your very earnest consideration. The enactment of the proposed legislation would unquestionably work a very serious hardship on the State of New York and other States of the Union. A considerable part (more than one-sixth) of the taxes collected by the State of New York comes from estates.

You will note that the director of the budget, Mr. Graves, estimates that if the proposed bill is enacted it will possibly require the refunding of about \$15,000,000 to the estates of decedents dying between September 1, 1928, and September 1, 1930. He estimates further that in the event a similar proposal is incorporated into law in this State (complementing Federal legislation) a further loss would ensue to the State of between twenty-five and thirty-five million dollars from the estates of decedents who have died between September 1, 1930, and January 1, 1932.

This is so serious a matter to the State of New York that I feel it merits the most earnest consideration and presentation of the facts by you, both before the committee and in the Senate. If in the wisdom of Congress any legislation is required, any one

of the alternative proposals made by Mr. Graves, while not eliminating in full the prospective loss to the State, would at any rate substantially reduce it.

May I ask you to keep me informed of the situation concerning the proposed legislation? I wish to advise you, too, that if in your opinion it is wise for the State to be represented at any further hearings which may be held on this bill in order to lay the views of the State administration before the Members of the Senate I would be very glad indeed to arrange it.

I am writing a similar letter to Senator COPELAND.

Yours very sincerely,

HERBERT H. LEHMAN.

MEMORANDUM BY MARK GRAVES, DIRECTOR OF THE NEW YORK STATE BUDGET, RE SECTION 810 OF THE HOUSE REVENUE BILL OF 1932 (H. R. 10236)

In the case of decedents dying between September 1, 1928, and January 1, 1932, this section authorizes the revaluation of estates for purposes of the estate tax 18 months after death. If an estate is revalued, the tax is adjusted to be that part, fraction, or ratio of the tax assessed as of the date of death which the new value bears to the value as of the date of death. Put simply, if an estate has shrunk one-half, the tax is reduced one-half; if the estate has shrunk but 25 per cent, the tax is reduced but 25 per cent; if the estate has shrunk 75 per cent, the tax will be correspondingly reduced 75 per cent.

EFFECT UPON STATES

States have generally, because of the 80 per cent credit provision, integrated their death tax laws with the Federal estate tax law. It follows that a change such as is proposed will depress State revenue or require refunds by States aggregating approximately four times the loss of revenue or the amount of refunds required of the Federal Government. In other words, the States, collectively, have four times the financial interest in this legislation than the Federal Government has. It is thus seen that the Congress should proceed cautiously and ascertain the effect of such legislation on the finances of the States.

The secretary of revenue of the State of Pennsylvania has, in an able brief, covered that aspect of the situation very well. Here in New York we estimate that if this bill is passed it will probably require the refunding of about \$15,000,000 to the estates of decedents dying between September 1, 1928, and September 1, 1930. Commenced with September 1, 1930, New York inaugurated an estate tax paralleling the Federal estate tax at 80 per cent of the latter's rates. It is unlikely that the passage of the legislation contemplated by the Congress would have any direct effect upon New York's taxes on the estates of decedents dying since September 1, 1930. Nevertheless, should the Congress pass this measure, New York's Legislature will find it most difficult to resist the pleadings which will be directed to it to follow the example of the Federal Government. Should New York do that it is estimated the loss in revenue from the estates of decedents dying between September 1, 1930, and January 1, 1932, would be somewhere between \$25,000,000 and \$35,000,000.

I recommend that some relief be given the estates of decedents dying between the dates specified in this bill. I respectfully submit, however, that the measure adopted by the House is not the best proposal and offer alternative suggestions.

ALTERNATIVE SUGGESTIONS

1. That no reduction be allowed in the tax assessed against an estate based upon value at the date of death unless the estate has shrunk to a point where the tax as assessed will exceed 50 per cent of the value of the net estate 18 months after death, and that in no case will the tax be reduced below 50 per cent of the value of the net estate.

The very bill containing this provision designed to relieve estates and excuse them from paying a death tax graduated to 20 per cent also proposes to double the tax. While the Congress has not the authority to enact a retroactive estate tax, nevertheless it can refrain from granting the full relief contemplated by section 810 to these shrunken estates and recognize as this legislation does that higher estate taxes are desirable, and thereby conserve Federal and State funds.

The assumption back of the proposal contained in section 810 is that the value ascertained 18 months after death is the true value, and that computed as of the date of death is a fictitious or inflated value. It is difficult in these times to determine "value." It seems reasonable to assume, however, that the low values of securities which have obtained during recent months may be just as much too low as the values of 1929 were too high. It is true value that we would like to ascertain if that were possible. That is, the value upon which the tax should be based. Being unable to ascertain what "true value" is, it seems to me we are justified in assuming that it is something higher than the present-day market values, and that to deal fairly and equitably with these estates does not require that we base the estate tax upon these extremely low market valuations.

Another suggestion which I wish to offer, if the one I have just discussed is rejected, is—

2. That permission be allowed to revalue estates of decedents 18 months after death, and the tax originally assessed reduced to a sum equaling the amount at which the estate would be taxed under the new revenue bill.

It is proposed by this bill to double estate-tax rates and to bring into the picture gifts made before death and perhaps other

important features; while, as has been said, the Congress may not pass a retroactive estate tax law. But granting relief to estates which have shrunk in value is another matter. The Congress can, with perfect propriety if it wishes to do so, simply reduce these taxes which have previously accrued to the amounts which would have been levied under this new schedule of rates and the new plan for computing the estate. The third and last suggestion which I have to offer is—

3. That permission to revalue estates of decedents 18 months after death be granted but that the new value so obtained be added to the value computed as of the date of death and an average value obtained by dividing by 2, then require the estate to pay such fractional part of the tax originally assessed as the average value bears to the value computed as of the date of the decedent's death.

It may be said in favor of this proposal that it recognizes two things: First, that the old values were inflated, and second, that the market values which have obtained during recent months are too low. This suggestion is predicated on the thought that half way between the two extremes true value may be found.

AMENDMENT OF RADIO LAWS

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the RECORD a telegram relating to the bill pending before the Senate providing for amendments to the radio laws. I ask that the telegram be printed in the RECORD and referred to the Committee on Interstate Commerce.

There being no objection, the telegram was ordered to be printed in the RECORD and referred to the Committee on Interstate Commerce, as follows:

CHICAGO, ILL., May 1, 1932.

HON. JOSEPH T. ROBINSON,

United States Senate, Washington:

Committee amendments to House radio bill reported without hearings appear utterly unworkable to entire broadcasting industry, and some of them seem so faulty as to call for complete redrafting. Believe it would be most unfortunate for Senate to vote on this bill in its present state and think it should go back to committee for further consideration and hearings, but understand it may be called up for action Monday. Radio people throughout entire country will be grateful for chance to be heard before Senate acts.

HENRY A. BELLOWES.

DUTY ON PINEAPPLES

Mr. FLETCHER. Mr. President, some days ago there was inserted in the RECORD a communication from Mr. H. E. Miles, the chairman of the Fair Tariff League, regarding the duty on pineapples. I referred that communication to Mr. J. N. McBride, general agricultural and land-settlement agent, of Savannah, Ga., of the Seaboard Air Line Railway, and asked his comment on it. He has written me a letter on the subject, which I ask to have referred to the Committee on Finance and printed in the RECORD.

There being no objection, the letter was ordered to be referred to the Committee on Finance and to be printed in the RECORD, as follows:

SEABOARD AIR LINE RAILWAY,
Savannah, Ga., April 30, 1932.

Senator DUNCAN U. FLETCHER,

Washington, D. C.

DEAR SENATOR: I am indebted to you for having sent me copy of the CONGRESSIONAL RECORD of April 4, in which appears on page 7652 remarks of Hon. THOMAS J. WALSH setting forth the views of Mr. H. E. Miles, chairman of the Fair Tariff League, regarding the present pineapple tariff. I have read Mr. Miles's statements with a great deal of interest. I do not know who Mr. Miles is, but I dare say his remarks are prompted by the old axiom "The dog that hollers is the one that is hit." I feel that in fairness to the Florida people who are trying to revive and rehabilitate the pineapple industry on the lower east coast something ought to be said to Senator WALSH and Mr. Miles in reply.

I have discussed this article in detail with our Mr. R. A. Carlton, agricultural agent at West Palm Beach, who is probably the best-informed man on the pineapple industry in the entire State of Florida. Mr. Carlton appeared before the Tariff Commission at the time the pineapple case was heard, has visited Cuba and Porto Rico in studying pineapple growing, and has worked very actively with the pineapple interests on the lower east coast in their efforts to reestablish themselves. I therefore feel that Mr. Carlton's views are accurate and authentic.

During the pineapple-tariff hearing in Washington last October it was shown conclusively that the pineapple industry of Florida was for years on a very stable and substantial basis. This industry was probably the most remunerative enterprise, from an agricultural standpoint, on the lower east coast of Florida. The pineapple industry utilized land having little agricultural value for other crops, provided employment for labor during seasons of the year when there was little other work available, and was as prosperous and satisfactory generally as the Cuban pineapple industry

or any other pineapple industry is now. It was admitted by the Florida witnesses at the pineapple hearing that the disease "red wilt" seriously upset Florida's pineapple industry, but it was shown that the United States Department of Agriculture in their experiments in Florida had developed a practical and economical method of controlling red wilt; that it is now entirely feasible, from a standpoint of production, to again produce pineapples in Florida, utilizing the methods recommended by the United States Department of Agriculture, and bring back Florida's pineapple industry to a stage of development more intensive than the development prior to the red-wilt disaster.

The tariff act of 1922 accorded the American pineapple grower some small protection against foreign competition. Following this act the Cuban Government established an embargo prohibiting the exportation of pineapple planting stock to Florida. It is presumed that this embargo by the Cuban Government was an act of reprisal for the passage of the pineapple tariff act, and, insofar as I can learn, is without precedent in the exchange of commodities between friendly nations. This embargo on planting material from Cuba further demoralized the Florida pineapple industry, due to the fact that practically all of the plantings within the State of Florida were diseased with red wilt; and in reviving the Florida industry under the recommendations of the Department of Agriculture it was necessary for growers to secure new, vigorous planting stock. The pineapple industry in Porto Rico at that time was not in position to furnish planting stock for Florida growers, and no new planting stock could be secured from Cuba, which made it well nigh impossible for Florida growers to expand their acreages rapidly.

During the time of the Florida real-estate boom pineapple lands on the lower east coast became exceedingly valuable for subdivision purposes, and many growers who had fields of pineapples were induced to dispose of their property to the land speculators at fabulous prices. These fields were subdivided into lots and the pineapples neglected and abandoned, which further dissipated sources of planting material available for expansion. Following the real-estate boom many former pineapple growers again became interested in making plantings of pineapples, but could secure no planting stock at all from Cuba on account of the embargo; practically none from Porto Rico, as the Porto Rico pineapple interests were utilizing their supply of planting stock in expanding their operations under the American tariff; and little from local home sources, as there were only a few fields of pineapples left in Florida from which planting stock could be secured for further expansion. Pineapple growers along the lower east coast of Florida have within the last three years purchased practically all of the planting material available in Porto Rico and brought it into Florida and planted it. This planting material will form the nucleus around which Florida growers can expand their production more rapidly in the future than they have in the immediate past. Substantial interests on the lower east coast are now actively developing pineapple acreages. The Florida Pineapple Products Co. (Inc.), Lake Worth, Fla., of which Mr. H. G. Basford, of Lake Worth, is president and directing head, imported sufficient planting material from Porto Rico last summer and set 20 acres at Lake Worth. This concern has 5,000 acres of land available for pineapple production. They expect to make further importations of pineapple planting material from Porto Rico this summer and to expand their plantings in Florida as rapidly as they can secure stock from their own fields and from importations. There are at present 12 pineapple growers between West Palm Beach and Fort Lauderdale who have approximately 75 acres in pineapples. There are probably 15 or 20 growers in Martin, St. Lucie, and Indian River Counties who now have at least 100 acres in pineapples. It is true that this start is small, yet when consideration is given to the fact that almost unsurmountable obstacles had to be overcome in securing planting stock with which a start could be made the actual results obtained to date indicate the determination of the Florida growers to overcome these obstacles and again build this industry back into the place of prominence that it formerly occupied. Each acre of pineapples in Florida, after it produces its first crop, will begin to produce planting material for further expansion, as well as other crops of pineapples for market. Therefore, the 100 acres now growing on the lower east coast, which will shortly be in production, will soon be producing planting stock for further expansion, as well as fresh pineapples for the trade, and within a short period of years the production of pineapples in Florida should begin to again attain substantial proportions.

The development of this industry within the continental borders of the United States can be made possible by maintaining the present tariff wall and protecting these growers who have overcome already almost countless obstacles. The State needs the pineapple industry because, from the standpoint of utilization of labor and lands, it fills in and rounds out the agricultural program on the lower east coast. Pineapple growing is freer from the effects of common hazards than most of the other agricultural enterprises on the lower east coast. A good start has been made within the past two years in rehabilitating the industry, and material progress should be made within the next few years in further expanding the acreage.

I know that the growers and others interested in pineapple development on the lower east coast of Florida have appreciated the cooperation and friendly spirit of helpfulness which you have manifested toward them in their efforts to bring back this industry.

Yours very truly,

J. N. McBAIDE,
General Agricultural and Land Settlement Agent.

REPORTS OF COMMITTEES

Mr. BORAH, from the Committee on Foreign Relations, to which were referred the following bills, reported them each without amendment and submitted a report as indicated:

S. 3786. An act to provide that the United States extend to foreign governments invitations to participate in the International Congress of Architects to be held in the United States during the calendar year 1933, and to authorize an appropriation to assist in meeting the expenses of the session; and

S. 4379. An act for the relief of Yvonne Hale (Rept. No. 628).

Mr. BULOW (for Mr. NORBECK), from the Committee on Indian Affairs, to which was referred the bill (H. R. 9254) to authorize the exchange of a part of the Rapid City Indian School land for a part of the Pennington County Poor Farm, South Dakota, reported it without amendment and submitted a report (No. 630) thereon.

UNEMPLOYMENT INSURANCE

Mr. WAGNER submitted his individual views as the minority member of the Select Committee to Investigate Unemployment Insurance, pursuant to Senate Resolution 483 (71st Cong., 3d sess.), establishing a select committee to investigate unemployment-insurance systems, which were ordered to be printed, with an illustration, as Report No. 629.

ENROLLED BILL PRESENTED

Mr. WATERMAN, from the Committee on Enrolled Bills, reported that on April 30, 1932, that committee presented to the President of the United States the enrolled bill (S. 3270) for the relief of Daniel S. Schaffer Co. (Inc.).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAREY:

A bill (S. 4542) providing for the use by the Veterans' Administration of the old post-office building in Casper, Wyo.; to the Committee on Public Buildings and Grounds.

By Mr. BULKLEY:

A bill (S. 4543) granting a pension to Mary C. Brant (with accompanying papers); and

A bill (S. 4544) granting an increase of pension to Letha C. Durlinger (with accompanying papers); to the Committee on Pensions.

By Mr. DILL:

A bill (S. 4545) granting a pension to Jay Dee Hoffman (with accompanying papers); to the Committee on Pensions.

By Mr. GEORGE:

A bill (S. 4546) for the relief of Lindsay Hinesley; to the Committee on Finance.

By Mr. COPELAND:

A bill (S. 4547) to amend the emergency officers' retirement act of May 24, 1928; to the Committee on Military Affairs.

A bill (S. 4548) to amend the immigration act of 1924; to the Committee on Immigration.

By Mr. HAYDEN:

A bill (S. 4549) to authorize conveyance to the United States of certain lands in the State of Arizona for use of the United States in maintaining air-navigation facilities, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. SHEPPARD:

A bill (S. 4550) to amend section 13 of the Federal reserve act by making notes of finance and credit companies subject to discount; to the Committee on Banking and Currency.

By Mr. TRAMMELL:

A bill (S. 4551) for the relief of the Tampa Marine Co., a corporation, of Tampa, Fla.; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 4552) to amend an amendment to the Federal highway act, approved May 21, 1928 (45 Stat. L. 683); to the Committee on Post Offices and Post Roads.

PAYMENT OF FOREIGN DEBTS IN SILVER

Mr. HAYDEN. Mr. President, I introduce a joint resolution, which I ask to have read by the clerk and referred to the Committee on Banking and Currency.

The joint resolution (S. J. Res. 152) to authorize payment of foreign debts in silver, under certain limitations, was read the first time by its title, the second time at length, and referred to the Committee on Banking and Currency, as follows:

Resolved, etc., When offered by any foreign Government indebted to the United States the President is authorized to accept in payment of the whole or any part of any amounts of principal or interest due the United States prior to July 1, 1936, silver at the rate of 1½ fine ounces for each dollar which such government is obligated to pay to the United States; but no such payment shall be accepted unless such government gives assurance, satisfactory to the President, that it will not melt or debase its own coins to make such payment in silver: *Provided,* That if any such government shall make provision, satisfactory to the President, for restoring prior to July 1, 1936, all of its silver coinage to a fineness of at least nine-tenths silver, or, if such government does not now mint silver coins, for establishing the use of silver for coinage purposes, then the President is authorized to accept silver from such government at the rate of 1 fine ounce of silver for each dollar of its indebtedness paid in accordance with the terms of this act. The silver so received shall be coined into dollars of standard weight and fineness and deposited in the Treasury of the United States and silver certificates shall be issued, in the manner now provided by law, against the dollars so coined.

Mr. HAYDEN. Mr. President, in support of the joint resolution I beg to say that European nations which have contracted with the United States to make annual payments based on money borrowed over a decade ago are experiencing great difficulty in finding gold to make such payments. There is nothing surprising in that fact when it is realized that it now requires over \$2 in present commodity values to pay a dollar borrowed during or shortly after the end of the World War. These nations are in exactly the same situation as all other debtors throughout the world. With a limitation of time, a limitation of amounts, and a limitation of the source from which obtained, I propose that the United States accept silver instead of gold for the foreign debt payments.

The primary object of the joint resolution is to break the world-wide vicious circle of declining prices by enhancing the purchasing power of nearly one-half of the people of the world, who have no other money than silver. This is to be accomplished by creating a demand for silver during the next four years, which will insure an increase in its value. The demand will arise from continued purchases of silver by the various foreign governments, who will find it to their financial advantage to contract for silver in the open market in order to make payments on their indebtedness to the United States in that metal instead of gold.

The market price of silver is now below 30 cents an ounce. If the price of silver is restored to its pre-war level of about 60 cents an ounce as a result of regular and sustained buying by foreign governments, the inevitable result will be the creation of a market for raw materials and manufactured goods, which are needed in Mexico, India, China, and other silver-using countries. It is assumed that any apparent loss which may accrue to the American Government because of the acceptance of silver in payments on the foreign debts will be balanced by a gain in revenues due to improved foreign trade. We all live in one world and must generally either suffer or prosper together.

It has been urged with great force that merely to provide that silver rather than gold shall be taken for payments on the foreign debts would ultimately do more harm than good because the European nations who owe money to the United States would probably take the stocks of silver coins they now possess and utilize the silver therein to make the payments. Such nations would thereby cease to be users of silver money to any appreciable extent, and thus lessen the current annual demand for silver coinage purposes. My proposal would prevent that from happening by requiring an agreement that the coins of such nations shall not be melted or debased as a means of securing silver to be paid to the United States.

Remembering always America's vital interest in a world which is capable of buying her surplus products instead of lessening the use of silver coins in Europe, the United States can well afford to promote a steady demand based on such use by granting more liberal terms of settlement to any debtor nation which will make provision for the restoration of its silver coinage to a uniformly established degree of fineness. That is why the joint resolution includes an added inducement to any nation indebted to the United States which will leave off debasing its silver coins and make them all at least nine-tenths fine or otherwise expand its use of silver for coinage purposes.

I am advised by the Treasury Department that the subsidiary silver coins of Great Britain were reduced by the act of March 31, 1920, from 925 fine to 500 fine. By act of March 20, 1924, the fineness of subsidiary silver coins of Germany was cut down from 900 to 500 fine and their weight reduced slightly. On June 24, 1928, France diminished the fineness of silver coins to be issued from 835 to 680. It is a remarkable coincidence that nations which owe money to the United States are principally the same nations whose silver coins have been debased. They found it profitable for a time to reduce the quantity of silver in their coinage. The United States can now provide a way whereby it will be profitable for these identical nations to put more real value into their subsidiary coinage and to that extent lift a burden from their gold.

The following information relative to the fineness in thousandths of silver coins of the foreign countries indebted to the United States is taken from data recently compiled in the office of the Director of the Mint:

Austria, schilling, 640.
Belgium, franc, 835 (also 100 per cent nickel).
Czechoslovakia, 5 crowns, 500; 10 crowns, 700.
Estonia, kroon, 500.
Finland, markka, 75 per cent copper, 25 per cent nickel.
France, 10 and 20 francs, 680.
Germany, reichsmark, 500.
Great Britain, half crown, shilling, etc., 500.
Greece, drachma, 75 per cent copper, 25 per cent nickel.
Hungary, pengo, 640.
Italy, 5 and 10 lira, 835; 20 lira, 800.
Latvia, latl, 835.
Lithuania, litas, 500.
Poland, 2 zloty, 500; 5 zloty, 750.
Rumania, 5 and 20 lei, 79 per cent copper, 20 per cent zinc, 1 per cent nickel.
Yugoslavia, dinar, 75 per cent copper, 25 per cent nickel.

An estimate has been made that, beginning in 1920, European nations and their colonies, dominions, and dependencies have sold approximately 375,000,000 fine ounces of silver derived from the demonetization or debasement of silver coins. Of that amount about 200,000,000 ounces were marketed by governments now indebted to the United States and over 100,000,000 ounces by the British Government for India. It was these sales of silver which did more than anything else to cut its market price in half.

To demonstrate the effect of selling silver derived from debased and demonetized coins, I read the following extract from a circular issued by Messrs. Sharp & Wilkins, bullion brokers of London, England, and printed at page 122 of the last annual report of the Director of the United States Mint:

It may, perhaps, be of interest generally to take a review of the silver market for a wider period than this annual circular covers and point out the chief reasons for the fall in the price from 24d. to the present level of about 14d. For many years before the war the price of silver had remained in the neighborhood of 24d., with moderate fluctuations of no great moment. The war caused an abnormal rise in the price of the metal, which in due course reacted and again settled around the old pre-war value. With the recurrence to normal conditions both India and China continued their habit of years and willingly and easily absorbed the world's production. Now, however, arose important factors which were, ultimately, to bring about the debacle which faces the silver market of to-day.

The first blow to the price of silver may, we think, be placed to the credit, or otherwise, of our own Government, by their depreciation of our currency from the fineness of 0.925 to that of 0.500. This caused a large amount of surplus silver to be placed for sale upon the market, approximately 70,000,000 ounces having been disposed of since 1921, in addition to the requirements for foreign coinage orders undertaken by the London Mint. This

silver was, in due course, absorbed by India and China, together with the world's production as before.

Following the lead of our Government came continental nations who demonetized their currency and flung the silver upon the markets of the world. The manful way in which India and China stood up to this extra amount of "production," for it was little else than that, lasted for some time, but eventually the purchasing power of these countries broke and the price had to fall. The continental selling practically ceased at about 19d., and at this level the market remained steady for a very long time, and it was then that the Indian Government decided to impose an import duty upon silver into India of about 20 per cent. The consequence was that the silver market could no longer stand the strain and finally succumbed to the inevitable. What, however, has probably contributed most in the past two years to bring about the fall in silver from 24d. to the present level has been the selling of silver by the Indian Government. It was not so much the actual sales that were responsible for the fall as the uncertainty of their next move. The consequence has been that potential buyers have bought from hand to mouth, dreading that at any moment further sales might be made, and it is not too much to say that at every shipment made of silver on Government account from India a decided weakness has come over the markets, both of India and China, with consequent fall in price.

The currency commission in 1926 examined and took the evidence of people of great repute and foresight in this country, America, and elsewhere. The government were warned that if they attempted to sell their enormous amount of surplus rupees the price would fall to 15d. The price has fallen even below that level, and the government have only sold about 100,000,000 ounces out of the 300,000,000 ounces they originally proposed to sell. The price has fallen nearly 50 per cent, and when one considers that the savings of 300,000,000 Indians and 400,000,000 Chinese, or half the population of the world, have been for years and years invested in silver, the appalling result to mankind in general and to these two countries in particular, with consequent disaster to our own trade in England, makes one hope that the policy adopted, so disastrous in its result, will be discontinued and some new arrangement adopted to stem the ruin that has already been brought about. It is perfectly obvious to anyone with any knowledge of the silver market that conditions at the present time make it an absolute impossibility for the Indian government to sell silver to any extent. Any attempt to do so would force the price down still lower, just as every previous sale has done in the past.

It is safe to estimate that to restore the silver coinage of the nations indebted to the United States to nine-tenths fineness and to bring about monetary use of silver in such nations equivalent to that which existed prior to demonetization and debasement will require the purchase of at least 250,000,000 ounces of silver. The amount may be larger than that. Whatever the combined amount of silver is that may be required to restore their silver coinage and to make payments to the United States, the nations which decide to accept this proposal will undoubtedly find it desirable to pool their purchases so that the price of silver will not be unduly enhanced by needless and wholly unnecessary competition between them to secure the total number of ounces required each year.

There is danger that this effort to increase the price of silver may have a greater effect than is desirable. The most powerful argument that can be made against the passage of this joint resolution is that the proposal, when adopted, may result in a rapid rise in the price of silver to a point where the feasibility of the plan will be destroyed. If silver goes to 60 cents, an ounce and a half will cost 90 cents. Considering that under the second alternative specified in the resolution the debtor governments must purchase silver both for the United States and for themselves, a price much above 60 cents an ounce would cease to be attractive. Silver at a dollar an ounce would provide no possible advantage to any government in the payment of its debts to the United States.

Therefore it is imperative that the interested governments shall take joint action to acquire the necessary amount of silver at a reasonable and stable price during the 4-year period. They have a further moral obligation to do so in order that creditors in the silver-using countries shall not suffer undue losses. During the past three years the world has felt the evil effects of a sudden fall in the price of silver. A sudden rise far above the pre-war level would also have evil effects.

In order to throw more light on this phase of the proposal I ask unanimous consent to include as an appendix to my

remarks certain data prepared by Mr. Francis H. Brownell, chairman of the board of the American Smelting & Refining Co., in connection with a statement he has recently made respecting limited international bimetalism at no fixed ratio.

I also ask leave to similarly include other information relating to silver taken from the last annual report of the Director of the Mint.

The PRESIDING OFFICER (Mr. ROBINSON of Arkansas in the chair). Without objection, leave will be granted. The Chair hears no objection.

(See Exhibits A, B, and C.)

Mr. HAYDEN. The nations which may join in the acceptance of this proposal will also be afforded an excellent opportunity to confer respecting more uniform standards of size and weight for silver coins, as was done by the countries that entered the Latin Monetary Union in 1863.

In order to insure that the silver acquired by the United States in payment on the indebtedness of foreign nations shall not be thrown upon the market to depress values, the joint resolution provides that when received such silver shall be coined and deposited in the United States Treasury. To make this deposit of silver useful as money, silver certificates are authorized to be issued.

In accordance with the foreign-debt moratorium, the annual payments due for the next 10 years on foreign governmental obligations amount to \$74,881,881 on the principal and \$195,094,690 as interest, the total amount due each year being \$269,976,571. If all of the foreign-debt payments were made in silver on an ounce-for-a-dollar basis, the United States would acquire 1,079,906,284 ounces of silver during the 4-year period.

I ask leave to include in the Record a statement sent to me by the Treasury Department a few days ago showing the amounts of principal and interest due the United States from various foreign governments during the fiscal year 1933. I assume that like amounts will be due each year until July 1, 1936.

The PRESIDING OFFICER. Without objection, leave will be granted. The Chair hears no objection.

The matter referred to is as follows:

Amounts payable during the fiscal year 1933 by foreign governments on account of their indebtedness

Country	Principal	Interest	Total
Austria.....	\$287,556		\$287,556
Belgium.....	4,200,000	\$4,250,000	8,450,000
Czechoslovakia.....	3,000,000		3,000,000
Estonia.....	111,000	529,692	640,692
Finland.....	58,000	276,827	334,827
France.....	21,477,135	38,522,895	60,000,000
Great Britain.....	30,000,000	141,500,000	171,500,000
Greece.....	718,000	431,300	1,149,300
Hungary.....	12,285	56,704	68,989
Italy.....	12,800,000	2,480,875	14,790,875
Latvia.....	46,200	221,613	267,813
Lithuania.....	39,705	184,772	224,477
Poland.....	1,357,000	6,630,042	7,987,042
Rumania.....	1,000,000		1,000,000
Yugoslavia.....	275,000		275,000
Total.....	74,881,881	195,094,690	269,976,571

Germany:	
Army costs.....	RM25,300,000=\$6,026,794
Mixed claims.....	40,800,000= 9,719,088
Total.....	66,100,000=15,745,882

Mr. HAYDEN. In 1900, when Congress provided that all forms of money issued or coined by the United States shall be maintained at a parity with gold, the American monetary stock of gold, as estimated by the Director of the Mint, was \$1,034,384,000 and the stock of silver was \$648,995,000. The per capita of gold was \$13.56 and of silver was \$8.51.

On June 30, 1931, the estimated monetary stock of gold in the United States was \$4,955,921,000 and the monetary silver stock was \$848,578,000. The per capita of gold was \$39.94 and of silver \$6.84. The addition of about \$1,250,000,000 to the American monetary stock of silver would leave the relative proportion of silver money to gold in the United States substantially less than it was in 1900.

The total amount of monetary gold in the world in 1930 is estimated by the Director of the Mint to have been

\$11,522,579,000, of which the United States held about 42 per cent and France about 20 per cent.

The face value of the coined silver of the world in 1930 was estimated by the Director of the Mint to be \$4,781,741,000. The stores of silver in existence are not accurately known, but are estimated to be eleven or twelve billion ounces, of which about 7,000,000,000 ounces are in India and two and one-half billion ounces in China.

The 1931 report of the Director of the Mint states that the world production of gold in the 439 years since the discovery of America was 1,061,340,987 ounces. The world production of silver in the same period was 14,976,992,838 ounces. The ratio of this production is 14.27 to 1. The production of gold and silver in the world since 1860 is given at 847,303,170 and 9,819,062,026 ounces, respectively, or at a ratio of 11.6 to 1. The ratio of world production for the 30 years since 1900 is about 10.8 to 1.

The annual production of silver, principally as a by-product of gold, copper, lead, and zinc mining, has averaged approximately 250,000,000 ounces for the past 10 years. To make payment of the sums due from foreign countries to the United States in silver on an ounce-to-the-dollar basis will require an amount equal to about all of the new silver that may be produced during the 4-year period.

If it be considered that silver is nothing but a commodity, and that the plan of debt settlement proposed in the joint resolution is nothing more than a form of barter, yet I do insist that the United States is taking its pay in an imperishable commodity, the gold price of which under the plan proposed is sure to advance. The effect of the plan is to discount that advance with an assurance that the commodity the United States is taking in lieu of gold will not decline in value after it is acquired.

Inquiry is certain to be made as to what will happen to the price of silver after 1936 when the arrangement provided for in the joint resolution comes to an end. By that time the European nations indebted to the United States will have abandoned "the flight from silver" inaugurated in 1920. They will all have a much greater interest in becoming parties to an international agreement respecting the use of silver as money. If the estimates of production during the past four centuries are at all correct, and with allowance for metal consumed in arts and industries, the total available silver reserves of the world in coin, bullion, ornaments, and so forth, can not reasonably be assumed to exceed 15,000,000,000 ounces. The annual production averages approximately 250,000,000 ounces, of which about 25 per cent is normally absorbed in manufactures. The quantity of silver on the market and subject to sale at any one time probably does not exceed 1,000,000,000 ounces. If the marketable silver is placed under control by governments who will share in its use for coinage purposes, there will be no difficulty in stabilizing the price of that metal after July 1, 1936.

On February 20, 1931, the Senate unanimously adopted a resolution reported from the Committee on Foreign Relations by the Senator from Nevada [Mr. PITTMAN], suggesting that the President call or obtain an international conference to the end that agreements be obtained with respect to the uses and status of silver as money. The reason why there has been no response to that suggestion by other governments is obvious. They are getting along somehow with a debased silver subsidiary coinage. To make any change whereby they might use more silver as money would, under ordinary circumstances, require placing an additional burden on their taxpayers to purchase the silver. Therefore they are not interested in any such conference. The plan proposed in the joint resolution completely alters the present situation, and after 1936 each government will have a stock of silver coins whose value it will want to maintain and protect.

The American Government is not now concerned as to where the silver which it may obtain under this arrangement is produced so long as it is purchased in the open market. Neither should the United States be deeply concerned as to who shall first take advantage of improved trade with the silver-using countries. If England shall sell more cotton goods or manufactured tobacco in India, we know that

a large part of the cotton and the tobacco will be purchased in the United States. The same is true of every other commodity of which this country has an exportable surplus.

There has been no overproduction of silver. The decline in its value is due primarily, if not solely, to the action of governments in directly throwing upon the market silver derived from the demonetization and debasement of silver coins. If governments caused this fall in the price of silver by selling silver, governments can restore the price of silver by buying silver. The proposal I am submitting makes it to the direct advantage of great European nations to purchase silver. They will gain the same indirect advantage as the United States through an improved demand for commodities in all silver-using countries.

EXHIBIT A

Production and Consumption

(A) CONSUMPTION¹ OF SILVER BY CHINA AND INDIA
[As reported by Handy & Harman]

	China, including coinage of Chinese mints	India
1924.....	Fine ounces 41,700,000	Fine ounces 108,200,000
1925.....	59,400,000	106,700,000
1926.....	73,900,000	91,600,000
1927.....	85,000,000	90,000,000
1928.....	124,000,000	89,000,000
1929.....	136,700,000	81,800,000
1930.....	123,000,000	94,500,000
1931.....	59,000,000	57,000,000
Average per year.....	87,837,500	89,850,000

¹ The ultimate consumption of India and China is in the hoarding by the people as savings. This amount has no necessary relation to the amount used as coined money—in fact, is in the main distinct therefrom.

Average per year for both China and India..... 177,687,500

(b) The United States Mint (latest report of director, June 30, 1931) estimates world industrial consumption of silver as—

1929.....	Ounces 59,544,280
1930.....	83,084,632
The average of the two years is.....	71,314,456

(c) Annual production averages approximately 250,000,000 ounces. The peak of all time—over 261,000,000 ounces—was reached in 1929. Production for 1931 is estimated by Handy & Harman at 196,100,000 ounces.

From the foregoing (a), (b), and (c) we may reasonably and conservatively predict mine production and consumption of silver per annum as follows:

Annual production.....	Ounces 250,000,000
Consumption of India and China, say.....	170,000,000
World industrial consumption, say.....	60,000,000
	230,000,000

This would leave, for the purchase of subsidiary coinage and for the additional purchases necessary by the nations in adopting and maintaining limited bimetallism at no fixed ratio, only.....¹ 20,000,000

The proposed return to a pre-war status would stop all further sale by governments, which has been the cause of the fall and continued low level in price. Such further supply being cut off, it follows that, in order to have the larger production necessary to fill demand, it would be necessary to have a higher price, so that mines not now operating may be again stimulated to produce. It seems quite probable that purchases by nations would equal 100,000,000 ounces per annum under the proposed plan of both return to pre-war status and limited bimetallism at no fixed ratio. All past market experience indicates that such a demand would gradually raise the price of silver to around \$1 per ounce.

EXHIBIT B

Highest, lowest, and average price of silver in New York, per fine ounce, since 1874

Calendar year	Quotations		
	Highest	Lowest	Average
1874.....	\$1.29375	\$1.25500	\$1.27195
1875.....	1.26125	1.21000	1.23883
1876.....	1.26000	1.03500	1.14950
1877.....	1.26000	1.16000	1.19408
1878.....	1.20750	1.08500	1.15429

¹ Ounces of silver per annum.

Highest, lowest, and average price of silver in New York, per fine ounce, since 1874—Continued

Calendar year	Quotations		
	Highest	Lowest	Average
1879	\$1.16750	\$1.06500	\$1.12088
1880	1.15000	1.11250	1.13931
1881	1.14500	1.11000	1.12823
1882	1.15000	1.09000	1.13855
1883	1.11750	1.09500	1.10874
1884	1.13250	1.08000	1.11161
1885	1.09500	1.02750	1.06428
1886	1.06500	.92500	.98880
1887	1.03500	.95000	.97899
1888	.97750	.92000	.94300
1889	.97250	.92500	.93634
1890	1.20500	.95750	1.05329
1891	1.07500	.94750	.99033
1892	.96250	.83000	.87552
1893	.85000	.65000	.78219
1894	.70000	.59500	.64043
1895	.69000	.60000	.66268
1896	.70250	.65625	.68195
1897	.66125	.62750	.60774
1898	.62250	.55125	.59064
1899	.64750	.58625	.60507
1900	.65750	.59750	.62085
1901	.64500	.54750	.59703
1902	.56875	.47375	.52815
1903	.62375	.47500	.54208
1904	.62500	.53375	.57843
1905	.66500	.56625	.61008
1906	.72375	.63125	.67378
1907	.71000	.52750	.65078
1908	.58875	.48250	.53496
1909	.54500	.50750	.52163
1910	.57625	.50750	.54245
1911	.57500	.52125	.54002
1912	.66825	.56250	.62006
1913	.65125	.58000	.61241
1914	.60875	.49000	.56331
1915	.58000	.47750	.51062
1916	.79125	.57250	.67151
1917	1.16500	.73125	.84000
1918	1.01937	.88937	.98445
1919	1.38250	1.01375	1.12087
1920	1.37875	.60375	1.01940
1921	.73813	.53188	.63096
1922	.74188	.62875	.67934
1923	.69000	.62875	.65239
1924	.72375	.63000	.67111
1925	.73187	.66812	.69406
1926	.69337	.51812	.62428
1927	.60312	.54187	.56680
1928	.63937	.56812	.58483
1929	.57812	.46812	.53306
1930	.47187	.31062	.38466
1931	.37562	.28062	.29013

EXHIBIT C

Estimated monetary stock of gold and silver in the United States and the amount per capita at the close of each fiscal year since 1873

Fiscal year ended June 30—	Population (thousands)	Gold bullion and coin (thousands)	Silver coin (thousands)	Per capita		
				Gold	Silver	Total
1873	41,677	\$135,000	\$18,140	\$3.24	\$0.44	\$3.68
1874	42,796	147,379	21,092	3.44	.49	3.93
1875	43,951	121,135	30,743	2.76	.70	3.46
1876	45,137	130,057	36,415	2.88	.84	3.72
1877	46,353	167,501	50,465	3.61	1.09	4.70
1878	47,508	213,200	82,048	4.48	1.72	6.20
1879	48,896	245,742	111,526	5.03	2.28	7.31
1880	50,156	351,841	142,522	7.01	2.84	9.85
1881	51,316	478,485	169,384	9.32	3.30	12.62
1882	52,495	506,758	197,218	9.65	3.76	13.41
1883	53,693	542,722	227,008	10.11	4.23	14.34
1884	54,911	545,501	255,569	9.93	4.65	14.58
1885	56,148	588,697	283,479	10.48	5.05	15.53
1886	57,404	590,774	312,253	10.29	5.44	15.73
1887	58,680	654,520	332,994	11.15	6.02	17.17
1888	59,974	705,819	386,572	11.77	6.45	18.22
1889	61,289	680,064	420,549	11.10	6.86	17.96
1890	62,622	695,563	456,908	11.11	7.30	18.41
1891	63,844	646,583	516,003	10.13	8.09	18.22
1892	65,086	664,275	568,579	10.21	8.74	18.95
1893	66,349	597,698	615,716	9.01	9.28	18.29
1894	67,632	627,293	624,250	9.28	9.23	18.51
1895	68,934	636,256	624,731	9.23	9.06	18.29
1896	70,254	590,598	627,696	8.53	8.93	17.46
1897	71,592	696,239	632,408	9.73	8.83	18.56
1898	72,947	861,515	637,479	11.81	8.74	20.55
1899	74,318	963,498	638,564	12.96	8.65	21.61
1900	76,303	1,034,384	648,995	13.56	8.51	22.07
1901	77,754	1,124,639	658,006	14.46	8.46	22.92
1902	79,117	1,192,595	667,319	15.07	8.43	23.50
1903	80,487	1,248,682	675,678	15.51	8.39	23.90
1904	81,867	1,327,656	679,932	16.22	8.31	24.53
1905	83,260	1,357,656	683,053	16.31	8.20	24.51
1906	84,662	1,475,707	686,477	17.43	8.11	25.54
1907	86,074	1,466,389	698,702	17.04	8.12	25.16
1908	87,496	1,618,133	715,616	18.49	8.18	26.67

Estimated monetary stock of gold and silver in the United States and the amount per capita at the close of each fiscal year since 1873—Continued

Fiscal year ended June 30—	Population (thousands)	Gold bullion and coin (thousands)	Silver coin (thousands)	Per capita		
				Gold	Silver	Total
1909	88,926	\$1,642,042	\$727,686	\$18.47	\$8.18	\$26.65
1910	90,363	1,636,043	723,437	18.11	8.01	26.12
1911	93,983	1,753,197	727,886	18.65	7.74	26.39
1912	95,656	1,818,188	738,866	19.01	7.73	26.74
1913	97,337	1,870,762	743,469	19.22	7.64	26.86
1914	99,027	1,890,657	750,279	19.09	7.58	26.67
1915	100,725	1,985,539	753,702	19.71	7.48	27.19
1916	102,431	2,444,636	757,161	23.87	7.39	31.26
1917	104,145	3,220,242	766,545	30.92	7.36	38.28
1918	105,869	3,162,808	731,373	29.87	6.91	36.78
1919	106,136	3,113,306	551,016	29.33	5.19	34.52
1920	106,422	2,865,482	527,712	26.93	4.96	31.89
1921	108,445	3,274,730	560,102	30.20	5.16	35.36
1922	109,893	3,784,652	652,385	34.44	5.94	40.38
1923	111,693	4,049,554	761,073	36.26	6.81	43.07
1924	113,727	4,488,391	781,369	39.47	6.87	46.34
1925	115,678	4,360,382	805,533	37.79	6.98	44.77
1926	117,136	4,447,397	822,414	37.97	7.02	44.99
1927	118,628	4,587,298	833,534	38.67	7.03	45.70
1928	120,013	4,109,163	838,972	34.24	6.99	41.23
1929	121,455	4,324,351	844,148	35.60	6.95	42.55
1930	123,191	4,534,866	850,938	36.81	6.91	43.72
1931	124,076	4,965,921	848,578	39.94	6.84	46.78

CHANGE OF REFERENCE

On motion of Mr. WAGNER, the Committee on Commerce was discharged from the further consideration of the bill (S. 4076) to provide for emergency construction of certain authorized public works to aid in increasing employment, and for other purposes (introduced by Mr. WAGNER on March 14, 1932), and it was referred to the Committee on Manufactures.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

SECOND JURY DISAGREEMENTS IN HAWAII

Mr. BINGHAM. Mr. President, I desire to ask unanimous consent to proceed to the consideration of a bill as to which there is great necessity for haste. If it leads to any debate, I will withdraw the request.

I ask unanimous consent that the Senate consider the bill (S. 4313) to prevent the successive disagreement of two juries, impeached to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody. I report the bill unanimously without amendment from the Committee on Territories and Insular Affairs.

Before the question is put by the Chair, I will state what is the situation. The Territory of Hawaii has a law whereby in the case of a hung jury twice in the trial of a case, it is held to be equivalent to an acquittal. This law is one with which we were not familiar and never consciously approved of. The bill which I have introduced, and which was reported unanimously from the Committee on Territories and Insular Affairs, provides that no disagreement of any jury shall operate as an acquittal of the accused. There is no objection to the bill. As I have said, it was unanimously reported from the committee.

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Is there objection to the request of the Senator from Connecticut?

Mr. NORRIS. Mr. President, reserving the right to object, as I understand the bill in a case, for instance, like the one which has just been concluded in Hawaii, if the defendants should be tried again and there should be another disagreement, it would mean an acquittal?

Mr. BINGHAM. Exactly. The four gangsters have been tried once and there was a hung jury. They are about to be tried again. If there is another hung jury, under the law of the Territory of Hawaii they are acquitted. Under the terms of the bill to which I am referring the prosecutor may continue with the prosecution as in any State of the Union.

Mr. NORRIS. I confess I was thinking about the other case. It does not apply to the other case at all.

Mr. BINGHAM. No; that is true; because in the case of the four persons to whom the Senator refers they have been convicted. There was not a hung jury.

Mr. NORRIS. Yes; I was mistaken. I have no objection to the Senator's request.

The PRESIDING OFFICER. The Senator from Connecticut asks unanimous consent for the immediate consideration of the bill, which has been reported unanimously from the Committee on Territories and Insular Affairs. Is there objection?

Mr. GLASS. Mr. President, reserving the right to object, let me inquire of the Senator from Connecticut if we should not at the same time cure what seems to have been a recent practice in the courts of Hawaii of rejecting the finding of a grand jury by the courts.

Mr. BINGHAM. I wish that might be done.

Mr. GLASS. Why should not that be done?

Mr. BINGHAM. That is a highly controversial point. The bill to which I have reference is recommended by the Attorney General. There is need for haste and there is no objection to it. I hope the Senator from Virginia will not add anything to it in order that there may be no delay in securing a change in the law as it now exists. I merely ask that the bill may be passed as it has been reported.

Mr. GLASS. I have no objection.

Mr. ROBINSON of Arkansas. Mr. President, I merely desire to say that I think the bill should be considered and passed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That no disagreement of any jury, regardless of the number of disagreements previously existing, in any criminal case now or hereafter pending in the Territory of Hawaii, shall operate as an acquittal of the accused, or shall empower the court to discharge the accused from custody.

SEC. 2. This act shall take effect upon approval.

SEC. 3. All acts or parts of acts, either Federal or Territorial, in conflict herewith are hereby repealed.

Mr. BINGHAM. Mr. President, I ask unanimous consent that there may be printed in the RECORD in this connection a letter from the Assistant Attorney General, Seth W. Richardson.

The PRESIDING OFFICER. Without objection, leave is granted.

The letter is as follows:

DEPARTMENT OF JUSTICE,
Washington, May 2, 1932.

HON. HIRAM BINGHAM,

United States Senate, Washington, D. C.

DEAR SENATOR: I am writing you with respect to the bill which you introduced some weeks ago, repealing all Territorial laws which permit a second jury disagreement to operate as an acquittal in criminal cases in Hawaii.

After the bill in question was introduced in the Senate, Governor Judd reported that a similar bill had been introduced in the Territorial legislature, but examination of the proposed Territorial bill specifically makes the new act inapplicable to pending cases, while the bill which is now before the Senate applies to pending cases. This is a very material difference between the two bills.

With the verdict which has just been returned in the so-called Fortescue case, the prosecuting attorney in Honolulu is now confronted with the necessity of retrying the so-called Massie rape case. In this case there has already been one disagreement. If upon a retrial of this case even a single juror should refuse to convict, a disagreement would result, which disagreement, under existing law would operate as an acquittal of these defendants. This procedure ought not to be. The question of a retrial of a case in which there has been a disagreement should be left to the sound judgment of the prosecuting attorney and perhaps the court.

I am advised that a retrial of the Massie rape case may come up within the next week or 10 days. If the pending bill before the Senate is to be passed, it ought to be passed instantly so as to take effect before the retrial commences.

I think you should bring the matter to the attention of the Senate, and, therefore, to the country at large, in order that serious attention be given to the exigency thus presented. I am,

Yours truly,

SETH W. RICHARDSON.

NAVAL BUILDING PROGRAM

The PRESIDENT pro tempore. The question is on agreeing to the motion proposed by the Senator from Maine [Mr. HALE] that the Senate proceed to the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. HALE. Mr. President, at the commencement of the session I introduced in the Senate a bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London treaties. The bill was favorably reported from the Committee on Naval Affairs on the 24th day of February. In the meanwhile, on the 1st day of February, I made a speech in the Senate setting forth the need for the passage of the bill, printing with my speech certain tables having to do with the Navy of this country and the navies of the other four powers parties to the Washington treaty. Those tables are in printed form and are now in the possession of the Committee on Naval Affairs, and any Senator who would like to avail himself of the information therein contained can obtain a copy of the tables.

I can give in a few words the situation which now confronts our Navy. A treaty navy consists of substantially 200 combatant vessels. At the present time we have on the Navy list 373 combatant vessels, but under the terms of the treaties by the expiration of the year 1936 the number of vessels will have to be cut down to substantially 200. The extreme modern life of a combatant vessel as defined by the Washington and London treaties is 20 years. Therefore if we are to keep our Navy in modern vessels the whole Navy must be replaced within that time. This would mean that an average of 10 combatant vessels must be built each year of the 20 years. During the last 10 years, from 1922 to 1932, we have laid down or contracted for but 27 vessels in all, which is less than 3 vessels per year.

While we have refrained from building ships, all the other nations, parties to the treaties, have built extensively. By the expiration of the year 1936, the date of the expiration of the London treaty, we shall have but 68 modern ships in our Navy out of an authorized 200.

Mr. NORRIS. Mr. President—

Mr. HALE. I yield to the Senator from Nebraska.

Mr. NORRIS. There is so much commotion in the Senate Chamber that I did not hear what the Senator from Maine said. He may have already answered the question I am going to ask, but I did not hear him do so. What is the amount of money authorized to be appropriated by this bill?

Mr. HALE. Mr. President, that is a matter that is indeterminate; there is no time limit fixed in the bill. Should the bill become a law, and should it be decided to build our Navy up to treaty strength by the end of the year 1936, which would obviously be impossible, the cost would be, in round numbers, \$786,000,000. Should we take 10 years as recommended by the Navy, the cost would be, in round numbers, about \$980,000,000. Should we take the full time to build up the Navy, namely, 20 years, we should have to replace the whole Navy, and the cost of that would be about \$1,900,000,000, something under \$2,000,000,000. It would depend entirely upon what action was taken by Congress in appropriating for the ships as to what the cost would be.

Mr. NORRIS. If nothing is going to be done under the authorization, and it is to be left to Congress, why should we not meet the conditions as we come to them?

Mr. HALE. Mr. President, something undoubtedly will be done, as I shall proceed to show. Unless we take some action of this kind, we are going to be in a position during the next few years where we can not do any building at all. However, I will explain that to the Senator in the course of my remarks.

As I have stated, we shall have 68 modern ships only out of 200 at the expiration of the London treaty in 1936. At that time Japan, if she finishes building the ships she has authorized and appropriated for, will have 156 modern combatant ships out of 163 allowed her under the treaty; that is to say, she will be within 7 ships of having her full

complement of modern ships, and will actually have more than twice as many modern ships in her navy as we ourselves will have. At the same time Great Britain will have 119 modern ships, nearly twice as many as we will have. France will have 153 modern ships, or within 3 of the number that Japan will have. Italy will have 115 modern ships, which is almost twice as many as we ourselves will have.

Mr. President, before any ships can be appropriated for, and before the Budget Bureau can make any recommendation for appropriations, legislative authorization for building is necessary. To meet this situation in part, last year a modest building program was sent to Congress, with the approval of the President of the United States. This modest building program received the approval of the Committee on Naval Affairs of both the House and the Senate; but, unfortunately, due to the pressure of legislation last year, it was not possible to take any action and nothing was done. This year, as I have said, I introduced Senate bill 51. There is no time limit in the bill, as I have explained to the Senator from Nebraska, and the building under the authorization can take place at any time in the future.

Senators will recall that the great 1916 building program had a specified date in its original form within which the ships contemplated by the program must be built, but that date was later cut out, so that the time for building was left indeterminate. Under that program there are still ships that have not been constructed, but the authorization for those ships is there. Last year the Appropriations Committee recommended an appropriation for 11 destroyers. Those 11 destroyers came in under the authorization of the 1916 program.

Unless the bill which I am asking the Senate to take up, or the Vinson bill, which is in the House of Representatives, shall become a law, the Budget Bureau next year, when it attempts to allocate the funds of the Government, can not take into consideration the needs of the Navy and can not make any recommendations for appropriations; and next year, Mr. President, we shall confront the same condition that confronted us last year. We shall have a short session, and it is doubtful if we will be able against opposition to put through any naval legislation. If this bill shall become a law, with the financial conditions as they are now in the country, it is obviously going to be impossible in this year's bill providing appropriations for next year to include any appropriations under the authorization of this bill, and any appropriations that may be made under next year's appropriation bill will enable us at the utmost to finish only a few ships of the smaller categories before the close of the year 1936. Meanwhile every year, through the ships of the Navy becoming over age, the Navy is getting into a worse and worse condition. I maintain that this is a shameful situation for a great country like this to get into, and it is in no way what the other naval powers of the world are doing.

This bill may not meet the approval of the Senate. If it does not, the Senate can reject it, or, if amendments are found to be necessary, the bill can be amended; but at least I say that, in a matter which is of the vital importance that this is to the national defense of the country, the Senate ought to have an opportunity to act upon the bill, and Congress, which is charged with providing and maintaining a Navy, and which is alone so charged, should have an opportunity to decide whether or not it is going to allow the Navy to go on the rocks.

Now, Mr. President, I ask for a vote on my motion that the Senate proceed to the consideration of Senate bill No. 51.

The PRESIDENT pro tempore. The question is on agreeing to the motion of the Senator from Maine to proceed to the consideration of the bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. KING. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Elaine	Fletcher	Logan	Steinwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkeley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

Mr. NORRIS. Mr. President, as I understand it, the motion now pending is to take up for consideration Senate bill 51, which provides that the President shall be authorized to proceed to build up the Navy in accordance with the treaties.

As I understood the Senator from Maine [Mr. HALE] during his address, he stated that there would be no intention, if the bill should be passed, of undertaking this work during the present year at least. If I am not right about that, I would like to be corrected.

Mr. HALE. Mr. President, the Senator is entirely right about it.

Mr. NORRIS. How soon does the Senator think we would proceed?

Mr. HALE. I concede that it would obviously be impossible to get any action from Congress that would provide for additional appropriations for the present year.

Mr. NORRIS. How soon does the Senator think we would proceed to act under the bill, if we should pass it now?

Mr. HALE. I think in next year's appropriation bill.

Mr. NORRIS. That would be at least a year from now?

Mr. HALE. Yes; it would be at least a year from now, and in the meantime, as I explained to the Senate, the Bureau of the Budget, in making its allocations of the funds of the Government the coming summer, would take into consideration the needs of the Navy, and provide for the use of a certain amount of the funds for naval construction.

Mr. NORRIS. In other words, the Budget could commence to take into consideration the fact that we would probably use some money for this purpose next year, and cut out some other appropriations even this year?

Mr. HALE. I do not know how they would do it.

Mr. NORRIS. I do not know how they would provide for this activity unless they did something of the kind.

Mr. BORAH. Mr. President, will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield.

Mr. BORAH. Is it the intention of the Senator from Maine to urge any appropriations whatever for this purpose this year?

Mr. HALE. The Senator means in the coming appropriation bill? No; there is no such intention.

Mr. BORAH. For this fiscal year?

Mr. HALE. I have no such idea in mind whatever. I would like to see appropriations made, but I realize the impossibility of getting that done.

Mr. BORAH. Knowing the Senator's capacity for doing these things, I would like to know whether he intends to try or not.

Mr. HALE. No, Mr. President; I have stated that I do not.

Mr. NORRIS. That being true, Mr. President, and accepting the Senator's statement at 100 per cent, which, of course, I do, I see no necessity for passing this bill at this time. I see no necessity of taking up the time of the Senate in the discussion which would follow if this motion should prevail, and we should take the bill up. It would undoubtedly lead to a long and, perhaps, wearisome debate; and when we know in advance that even those who favor the legislation do not expect that the Government will undertake during the next year to have anything done under this bill, why not take up something of vital importance, some of the various bills now pending on the calendar, which we ought to pass, many of which everybody realizes will have to be passed before we adjourn? Everybody also realizes that we will probably be short of time before we carry out the program for the session. Why waste the time of the Congress now in debating a bill when we realize that even though it should be passed, nothing would be done under it for a year? Why not wait and bring the bill up when it is expected something will be done under it?

Mr. HALE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HALE. Does the Senator think that if we do not take any action on the bill at this time, and the Budget therefore can not make any recommendations for next year, there will be any possibility of getting the matter in next year's appropriations?

Mr. NORRIS. My opinion about it would depend somewhat on whether present conditions continue as they are. It might be that I would be as much opposed to taking it up next year as I am now.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Nebraska yield to the Senator from Tennessee?

Mr. NORRIS. I yield.

Mr. McKELLAR. I have a different notion about it from that of the Senator from Nebraska; but I am wondering why we should take up this particular bill at this time, when a little more than three years from now we will be free to build the kind of a navy we want. As I understand, if we were to authorize this program, we would have to build the kind of a navy other nations, which may be our competitors at some future time, want us to build, but if we just wait two or three years—and we can very readily wait that long under present conditions—we can build a navy which our own defenders think is the proper kind of a navy.

Mr. HALE. Mr. President, will the Senator from Nebraska yield again?

Mr. NORRIS. I yield.

Mr. HALE. The Senator from Tennessee knows that in all probability the London treaty will be continued along from year to year.

Mr. McKELLAR. It may be, Mr. President, but I am going to use every effort in my power to prevent it continuing.

Mr. NORRIS. Mr. President, we are confronted now, as everybody knows, with a condition such as has never before confronted us. While we do not agree as to how we can properly economize and yet meet the expenses of the Government, everybody concedes that we ought to do everything we can, and we are trying to do everything we can. We must not only increase taxation to a point where it is going to be burdensome, is going to be a hardship, but we must likewise, on the other side of the ledger, cut the expenses of the Government where that will mean a burden. No one denies but that these burdens are going to be terrible within the next two or three years. Yet we are confronted with the proposition here of authorizing the enlargement of our Naval Establishment, which will go on for years, as the Senator has said, depending upon how rapidly we proceed with it, and may amount to \$750,000,000 in a year, or probably more; we are asked to do this at a time when it is conceded that, as long as we are in this awful depression, we will be unable to do it.

The Senator does say—and I think to that extent he let the cat out of the bag—that if we will pass this bill now, the Budget will take into consideration next year, or even

this year, in connection with anything they are budgeting, the fact that in a year or two we are to start out on this enormous enlargement of our Naval Establishment. So that if we pass the bill, it will, in some degree at least, affect the appropriations and the levying of taxes during the present session of the Congress.

Mr. HALE. Mr. President, will the Senator yield?

Mr. NORRIS. I yield.

Mr. HALE. The Senator speaks about the enlargement of our Naval Establishment. There will be very little enlargement of the Naval Establishment under this bill. What we have to do is to keep up what we have, and that is what we are not doing. By not building new ships we are allowing our Navy to go absolutely on the rocks.

Mr. NORRIS. But we do not propose to even keep it up this year, according to the Senator's own statement.

Mr. HALE. I would like to keep it up this year, though I foresee that it will be impossible to do so; but at least we can appropriate in the future.

Mr. NORRIS. I think we all realize that there are lots of things we would like to do, and that we would not be justified in doing now. There are lots of bills we are going to vote for, in the way of levying taxes, in the way of cutting down appropriations for necessary activities of the Government, which we dislike to vote for, which under ordinary circumstances we would not vote for. And now, if we pass this bill, we will confront ourselves with an enlargement of national expenses along a line upon which there will be great disagreement. I am finding no fault with the Senator from Maine because he believes in enlarging the Navy, but I would rather feed people than build battleships. I do not believe under the circumstances that we ought to allow ourselves, however much we may think we ought to have more of them, to provide for them at the present time.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. VANDENBERG in the chair). Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. BORAH. May I ask the Senator from Maine a question?

Mr. NORRIS. I yield for that purpose.

Mr. BORAH. Assuming that the program should go forward as the Senator from Maine contemplates it should, but at the same time saying he does not intend to do anything this year, what is the real necessity for passing the bill at this time?

Mr. HALE. I have just shown it. Unless we pass the bill at this time, we will be in exactly the same position next year that we were in last year and are in now. Congress can not appropriate until the authorization has been made, and the Budget can not make any recommendation until the authorization has been made.

Mr. NORRIS. But suppose we push the calendar ahead a year; if the Senator had his bill up a year from to-day, would not that be time enough?

Mr. HALE. I have just shown, according to the figures I have given, that even if we go ahead next year and legislate and appropriate, by the end of 1936 we can not have more than one-third of the vessels in our Navy that are modern ships. Each year more ships are becoming overage.

Mr. NORRIS. The Senator said we are going to pass this bill and then take this problem into consideration in our appropriations and in the levying of taxes. We will have this in view, according to the Senator, and we will have it outlined. The Budget will be looking for it, according to the Senator.

Mr. HALE. Unless we do pass the bill, we will not be able to do anything another year. We will have the same situation a year from now that we had last year and that we have now.

Mr. NORRIS. I do not know that we will want to do anything in another year. I do not see how anybody can tell that now. I wish we could tell, but nobody knows what is going to happen to the present depression. It may be worse next year. We all hope it will be better.

Mr. HALE. Each year our Navy is getting weaker and weaker. While the navies of the other naval powers have been kept up, we alone have not built. We have done very little building since the Washington treaty.

Mr. NORRIS. The Senator may be right about it, but it is a two-sided question. There are people who do not agree with the Senator at all, but I do not want to discuss that now. I am just conceding for the sake of argument that the Senator is right. I know he believes very fervently in the wisdom of the course he is taking, but I have been acting, and I think other Senators have been acting, in the best of faith in relation to the economy program. We are confronted with conditions that puzzle us all. While we do not always agree as to what we should do, I go along with the others even though I think every step may be unwise, believing that in relying upon the judgment of a majority of the Senate for the purpose of practicing economy we can safely follow the lead even though we do not agree with all the things that are being done. But if we are going to embark in something of this kind, I confess I shall probably lose my interest in the economy program. If we are going to broaden out, as I believe this bill contemplates, there will be many people who will lose their interest in the economy program. It seems to me under the Senator's own statement we ought not to take up the bill.

I want to say just a word by way of conclusion about putting the bill on the legislative program. I do not want any one to get the idea that I am criticizing the so-called steering committee for putting it on the program. They do not follow their own judgment, or put on the program only those bills which they favor, but they try to meet what they believe to be the judgment of a majority of the Senate as to what we should consider. I want to help carry out that program. I feel no embarrassment whatever in opposing the Senator from Maine. This is a motion to take up the naval bill. The judgment of the Senate as to whether we ought to take up the bill can be well decided upon the roll call, which I hope will take place on this motion.

Mr. KING. Mr. President, I am opposed to the Senate considering at this time the bill offered by the Senator from Maine, which, in effect, commits the Federal Government to the construction of a large number of war vessels at a cost between \$700,000,000 and \$1,000,000,000; indeed, it is impossible to determine just what the final cost would be if appropriations were made measuring up to the authorizations contained in the bill. The bill on its face may seem to be innocent to many, but it is not a silken glove but a mailed hand. Back of the measure is the program of the Navy League and some militarists in the United States. The object is to commit the Government to an enormous naval program, while at the same time its representatives are at Geneva participating in a world conference, which seeks, if not world disarmament, at least material reductions in the heavy burdens of militarism resting upon the people. I invite the attention of the Senate to the text of the armament truce, recently entered into by more than 50 nations, one of which was the United States. As I am advised, President Hoover was one of the first to assent to the provisions of the truce, the text of which is as follows:

Convinced that the crisis which at the present time is creating such profound disturbance among the nations of the world is due to a number of economic and political causes originating principally in the lack of mutual confidence between the nations; and

Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe the assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice upon which the covenant is based and urges them to devote all their efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments, to be continued until such time as the object laid down in article 8 of the covenant is attained.

In view of the fact that an undertaking on the part of all States not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference.

The assembly requests the governments invited to the disarmament conference to prepare for this event by means of an armaments truce; and, accordingly,

Requests the council to urge the governments convened to the said conference to give proof of their earnest desire for the successful issue of the efforts to insure and organize peace, and without prejudging the decisions of the conference or the programs or proposals submitted to it by each government, to refrain from any measure involving an increase in their armaments.

Likewise requests the council to ask the governments to state before November 1, 1931, whether they are prepared for a period of one year as from that date to accept this truce in armaments.

Mr. President, this truce went into effect on November 16, 1931, and its life, unless extended, is for one year from that date. I can not understand how any nation giving its approval to the same could adopt any plan that would be equivalent to a renewal of competition in armaments. I particularly invite Senators attention to this sentence in the document just read:

* * * In view of the fact that an understanding on the part of all states not to increase their armaments would help to create an atmosphere of confidence, to prevent competition in armaments, and to prepare the ground for the success of the forthcoming conference. * * *

As I construe the language of the armaments truce, the bill now before us violates not only the spirit but also the letter of the same. It calls for an increase in armaments by authorizing a stupendous appropriation for the construction of naval war vessels. It is true, an authorization is not an appropriation; but, as Senators know, when a law is enacted authorizing an appropriation from the Federal Treasury, the Appropriations Committees of the House and Senate regard such authorization as almost equivalent to a command for such appropriation.

The assembly which prepared and agreed upon the armaments truce just read appreciated that if the disarmament conference "could meet in an atmosphere of confidence and good will" the prospects of failure would not be possible.

It was obvious to the assembly, as it must have been to all thoughtful persons, that if when the disarmament conference met, the great powers, as well as other nations, were actively engaged in constructing war vessels or were seeking large appropriations to embark upon naval building programs, there would be an atmosphere of distrust and fear that would make it difficult, if not impossible, to agree upon a disarmament program or any policy looking to the reduction of armies and navies and the costs of military organizations throughout the world. A convention of individuals armed to the teeth called to secure the abolition of arms would scarcely be in a position to plead for peace and to secure satisfactory results.

This language in the text just read is clear and unambiguous; the nations convened were asked to—

* * * give proof of their earnest desire for the successful issue of the efforts to insure and organize peace, to refrain from any measure involving an increase in their armaments.

Can it be said that the United States, having assented to this measure, can now in good faith say that the bill before us is consonant with the agreement entered into? Can this bill be construed as complying with the agreement "to refrain from any measure involving an increase in armaments"?

Obviously not.

Mr. HALE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maine?

Mr. KING. I yield.

Mr. HALE. Is the Senator familiar with the attitude of the State Department in relation to the truce of armament?

Mr. KING. I may not be fully cognizant of the position of the State Department in regard to this truce, but, having read the truce agreement which was accepted by Mr. Hoover, I should be reluctant to believe that the State Department has attempted to repudiate the acceptance of our Government and to support a policy calculated to make the efforts of the disarmament conference abortive. I can not believe that the State Department would attempt to torpedo the disarmament conference.

Mr. HALE. I do not think we did accept it in the terms in which the Senator thinks we did. As a matter of fact, I think the Italian proposition was originally that no new

keels should be laid down for a period of one year commencing November 1, 1931. However, when the matter was put up to the representatives of the other governments they all put in reservations, and the final consensus of opinion was that replacement of ships in the Navy could be made at any time during the truce.

As I had some doubt in my mind about this matter, and as I wanted to be reassured that my bill would not interfere with the year's armament truce, I took the matter up with the Secretary of State. I do not want to take up the Senator's time, but I should like to place his reply before the Senate.

Mr. KING. I have no objection, but I ask the Senator categorically if he denies that Mr. Hoover accepted the truce as it was promulgated by the assembly and approved by the council?

Mr. HALE. Only on condition that the other countries would do the same thing.

Mr. KING. Does not the Senator know that the other countries assented to the truce as it was promulgated?

Mr. HALE. No, Mr. President; they assented to it with conditions. I will read the letter from the Secretary of State.

Mr. KING. I yield for that purpose.

Mr. HALE. The letter was written in reply to a letter from me asking about the effect of the truce:

JANUARY 9, 1932.

HON. HENRY L. STIMSON,
Secretary of State, Washington, D. C.

DEAR MR. SECRETARY: In the hearing before the Naval Affairs Committee of the Senate on the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties, in reply to a question put by me as to the limitations in building brought about by the so-called naval holiday, Admiral Pratt, in explaining a letter of the department acquiescing in the holiday, read to the committee an extract from a letter of yours to the Secretary of the Navy, dated October 28, 1931, as follows:

"In so far as can be seen, the proposed truce does not seriously affect the Navy. It permits the completion of ships building or contracted for; it permits replacement building, and it would seem by omission of any provision to the contrary that it permits authorization and appropriation for other vessels provided they are not begun before November 1, 1932."

Admiral Pratt explained to us that it was with this interpretation that the letter of acquiescence of the Navy Department was prepared and sent to you.

It is very important for the Congress to know just what can be done and what can not be done under the naval holiday. Will you please inform me whether your interpretation of the effect of the holiday, as given by you to the Navy Department, represents your views at the present time, and whether, in your opinion, the Congress may accept those views as the correct interpretation of the effects of the naval holiday?

I shall appreciate an early reply, as I want to put my letter to you and your reply thereto into the record of the hearings.

Very sincerely yours,

FREDERICK HALE,
Chairman Committee on Naval Affairs,
United States Senate.

DEPARTMENT OF STATE,
Washington, January 12, 1932.

HON. FREDERICK HALE,
United States Senate.

DEAR SENATOR HALE: I have received your letter of January 9, 1932, and hasten to reply that the following quotation from my letter to the Secretary of the Navy, dated October 28, 1931, represented at the time and still represents my opinion of the effects of the year's armaments truce:

"It permits the completion of ships building or contracted for; it permits replacement building, and it would seem by omission of any provision to the contrary that it permits authorization and appropriation for other vessels provided they are not begun before November 1, 1932."

It was on this understanding that, with the acquiescence of the War and Navy Departments, I informed the secretary general of the League of Nations that this Government was prepared, for the period of one year beginning November 1, 1931, to accept the truce, provided that like action was taken by the other principal military and naval powers.

Then I have a further letter from the Secretary of State in which he says:

MY DEAR SENATOR HALE: During my telephone conversation this afternoon you asked me whether or not the terms of the year's armament truce, which entered into effect November 1, 1931, would, in my opinion, preclude the passage of bills during the

forthcoming session of Congress authorizing the construction of naval vessels.

It is my understanding that any authorizations which do not involve the use of appropriations before November 1, 1932, would in no way contravene the purpose of the truce, in that such measures would not raise the level of existing armaments during its term.

Mr. President, Japan and France have already since the truce has been in operation laid down vessels which are replacements of existing vessels in their navies, and we are bound only as the other countries are bound.

Mr. KING. Mr. President, if the interpretation which the Senator is contending for and which he says was placed upon the language of the truce is followed, it makes the truce meaningless; indeed, such interpretation would be tantamount to an authorization for the agreeing nations to engage in new naval construction and to build up to certain levels. The truce would be destroyed by such an interpretation.

Mr. HALE. It is rather meaningless, so far as our Navy is concerned, and the Secretary of State himself says so. He states that, in so far as can be seen, the proposed truce does not seriously affect the Navy.

Mr. KING. I do not agree with the Senator at all. Let me read some of the language again.

Mr. HALE. The Secretary of State says that it affects us very little.

Mr. KING. I may not always accept the interpretation of legal or other documents submitted by the State Department.

Mr. HALE. Does the Senator—

Mr. KING. While I respect, of course, the views of the Secretary of State, he is not infallible and his interpretation may not appeal to me or to others. I do not agree with the Secretary's view that the armament truce does not—

* * * preclude the passage of bills during the forthcoming session of Congress authorizing the construction of naval vessels—

Nor with the statement—

It is my understanding that any authorizations which do not involve the use of appropriations before November 1, 1932, would in no way contravene the purpose of the truce—

And so forth.

If I understand the position of the Senator and the Secretary of State, it is that the armaments truce does not prevent Congress from enacting legislation authorizing construction of naval vessels; but that if in addition to authorizing their construction an appropriation of several million dollars were made for the purpose of beginning work upon the same, then such legislation would contravene the letter, if not the spirit, of the truce. I confess that I am unable to accept this view. If it would be a violation of the armaments truce for the United States to begin the construction of new naval vessels, then I insist that an authorization to construct them would likewise be in contravention of the truce.

Mr. President, I can not believe that the view expounded by the Senator is sound or will be accepted by the governments who participated with the United States in the truce agreement. I am somewhat surprised at the Senator's statement that the truce agreement is "rather meaningless so far as our Navy is concerned." If it is meaningless, why did it receive the approval of Mr. Hoover? If it was not intended to affect our Navy or the navies of other countries part to the truce, why did they enter into the truce agreement? Was it a delusion and a snare, a mere play upon words, an emotional appeal to nations without any intention that it should be observed or that it should be given any vitality? No wonder that some people entertain the view that nations make treaties and contracts only for the purpose of violating them.

Mr. President, I do not believe that nations are without honor and that this truce agreement was not intended to be effective or designed to prevent the construction of war vessels or the formulation of plans for the construction of war vessels during the life of the agreement. I repeat that if the agreement affects us not at all it was an act of folly and insincerity for our Government and other governments to assent to it.

Mr. HALE. Mr. President—

Mr. KING. Will the Senator permit me to proceed for a moment?

Mr. HALE. Yes; but I hope the Senator will let me call his attention to the Secretary's letter.

Mr. KING. I want to again call attention to some of the provisions of this agreement. It declares that there is a crisis at hand which creates profound disturbances among the nations of the world largely resulting from a lack of mutual confidence between nations.

It then declares—

Convinced that a renewal of the competition in armaments would necessarily lead to an international and social catastrophe, the assembly addresses a solemn appeal to all those who are desirous that practical effect should be given to the principles of peace and justice.

And it then urges that nations and peoples devote their—

Efforts toward creating a world opinion strong enough to enable the general disarmament conference to achieve positive results, including in particular a gradual reduction of armaments to be continued until such time as the object laid down in article 8 of the covenant is attained.

It is obvious that the object to be attained is world disarmament. The assembly has declared to the nations that they are to take part in a disarmament conference; that they are not to engage in "competitive armaments," but upon the contrary should do everything possible to bring the nations together in an atmosphere of good will in order that the disarmament conference might be successful. In the light of these clear and solemn declarations I can not comprehend how the Senator or any other person can find reasons to justify measures such as the one before us, or the execution of policies which would build new war vessels under the guise of replacing existing naval vessels. It seems to me that for our Government to commence now the construction of war vessels at a cost of millions of dollars, even though when built such vessels would take the place of existing war vessels, would not be in harmony with the truce agreement; and, as I interpret the words of the armament truce, legislative efforts to build our Navy up to the limits of the London conference would be in contravention of the terms of such truce. Certainly the psychological effect upon the disarmament conference and upon the peoples of the participating nations would be the same as if our Government boldly stated that it intended entering upon a building program outside of and beyond the provisions of the London treaty.

Senators will perceive that the armaments truce sought to secure agreement upon the part of nations which were to take part in the disarmament conference that they would adopt a program for the reduction of armaments which would continue until the goal of world disarmament was attained. Is it reasonable to suppose that the members of the assembly in preparing the truce understood that during the year when the truce was to be in force the nations participating in the disarmament conference might or would embark upon new naval construction either to take the place of existing naval craft or to fill an important place in some naval category?

I am inclined to believe that the truce agreement was not intended to interdict the completion of vessels which were under construction at the time the instrument was prepared, but I can not accept the view that it was intended that the truce should bear the construction that new vessels were authorized or that appropriations might be made for the building of new naval craft. The Senator's position, as I understand, is that the passage of the measure before us would not ipso facto increase our naval strength, and therefore it is not within the letter or spirit of the truce agreement. Conceding that view to be true—but I do not concede it—the psychological effect would be as serious as if a direct appropriation were made of a few million dollars to immediately begin construction of one or more war vessels.

The truce in effect is an undertaking upon the part of nations assenting to the same not to increase their armaments and not to engage in "competition in armaments,"

and also a promise to prepare the ground for the success of the "forthcoming disarmament conference."

Does not the bill before us contemplate increasing our naval armaments, and does it not provide for "competition in armaments"? The Senator admits that appropriations authorized by the bill would aggregate hundreds of millions of dollars and would be employed in the construction of a large number of war vessels. With such a measure enacted into law can it be said that we are in good faith observing an armaments truce for one year? It seems to me that the question answers itself and would convict us of being truce violators if we enacted the bill so earnestly supported by the Senator from Maine.

Who can doubt that when the representatives of 50 nations assemble in a disarmament conference for the purpose of limiting armaments with a view to ultimately securing world disarmament, that they would not be gravely concerned if information was brought to them that one of the participating nations had enacted a law authorizing an expenditure of hundreds of millions of dollars to build war vessels? The passage of this measure, in my opinion, would have unfavorable—indeed, unfortunate—reactions not only at the disarmament conference but in all parts of the world.

Mr. HALE rose.

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maine?

Mr. KING. I yield.

Mr. HALE. We are not making a truce here in the Senate or defining the terms of a truce. The only obligation that this Government is under is that set forth in the letter written by the Secretary of State to the secretary general of the league, and the Secretary states definitely:

It was on this understanding that, with the acquiescence of the War and Navy Departments, I informed the secretary general of the League of Nations that this Government was prepared, for the period of one year, beginning November 1, 1931, to accept the truce provided, that like action was taken by the other principal military and naval powers.

All the other principal naval powers have provided that the right to make replacements shall be allowed. The Senator does not think, does he, that we ought to deny ourselves the right when other countries have proceeded to exercise the right?

Mr. KING. I shall not now challenge the statement of the Senator as to what other nations are doing, although my information is that since the truce was entered into they have not undertaken new construction. It is quite likely, however, that they are carrying forward work upon vessels, the construction of which was commenced anterior to the date of the truce.

Mr. HALE. There is no question about what they are doing.

Mr. KING. Mr. President, my understanding is that those nations accepting the truce place upon it the interpretation for which I am contending. Some of them during the past few years have, within the terms of treaties by which they were bound, laid down keels for a number of war vessels, and when the truce was entered into they did not suspend work upon vessels in process of construction.

Mr. HALE. It has been specifically stated by all the principal naval powers that they reserved the right to replace their existing ships. There is nothing in the Senator's contention whatever.

Mr. KING. I am familiar with the terms of the London treaty and know that there was a reservation upon the part of certain naval powers that replacements might be made, but I repeat that since the truce was entered into my information is that its terms, as I interpret it, have not been violated and that whatever work is being carried forward in connection with naval construction is for the completion of vessels, the construction of which was begun months, if not years, before the truce was entered into. It may be that Japan and Great Britain have started replacement work, although my information does not support that view.

Mr. HALE. I did not refer to Great Britain, I said Japan and France. They have already gone ahead and started replacements.

Mr. McKELLAR. Mr. President—

Mr. KING. I yield to the Senator from Tennessee.

Mr. McKELLAR. What I want to ask the Senator is this: If we do not build new ships, where in the world are we going to get ships to sink at the next naval conference? We have got to have some ships; we have got to impress the world. It will be remembered how we impressed the world by sinking 845,000 tons of our best ships in 1922; it will be remembered how we impressed the world by sinking nearly one-fourth of what we had left in 1928. We must build ships. Probably we do not need them for our defense; they are not the kind of ships that we ought to have for our defense; but we must have ships, so that when the next naval disarmament conference takes place we can sink them.

Mr. HALE. Mr. President, will the Senator from Utah let me read from the British note of acceptance of the truce?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Maine?

Mr. KING. I yield.

Mr. HALE. The British note of acceptance of the truce, dated October 29, 1931, paragraph 2, reads:

2. While thus notifying their acceptance of the proposed truce His Majesty's Government desire to draw attention to the following passage which occurs in the report of the third committee of the twelfth assembly:

"Certain delegations made a point of stating explicitly that they do not regard as incompatible with the principle thus laid down, which must remain predominant, such measures as the normal carrying out of legal enactments relating to effectives, the regular execution of programs for the upkeep and renewal of land, naval, and air material or fortifications and the constitution of the corresponding stocks."

In so many words they state that they have the right of renewal.

Mr. KING. The statement just read by the Senator is somewhat ambiguous, and without an opportunity to examine it I would not, of course, assert positively that in assenting to the truce the right was reserved to replace naval vessels. As the Senator hastily read it I was impressed with the thought that the intention was merely to make repairs upon existing naval vessels so that they might be maintained in an effective and satisfactory condition. I know that our Government is expending large sums in remodeling war vessels. At the last session of Congress, as I recall, \$30,000,000 were appropriated for the purpose of making important changes upon three of our capital ships. I do not think the armaments truce would compel the United States to suspend the repairs which it is making upon these ships. So far as I am advised—and I repeat—since the truce was signed or assented to, the construction of new warships has not been commenced by nations parties to the truce.

If, however, there should be nations that are pushing forward the construction of new warships upon the theory that they are to take the place of vessels that are obsolete or obsolescent, I believe that the effect upon the disarmament conference will be most unfortunate. Moreover, in my view, if nations that were authorized under treaties to make replacements were to feverishly engage in the work of construction, it might influence nations participating in the conference and lead them to oppose a disarmament program approved by other nations participating in the conference if such a program called for a change in the type of ships then under construction.

The disarmament conference should have as few obstacles in its way as possible, and I submit that all nations participating in the conference should seek cooperation and an atmosphere of peace, and, so far as possible, determine to adopt a policy that would not encourage or continue competitive armaments. Why send our representatives to the Geneva conference to work for world peace and a reduction in armaments, if, while they are so engaged, we here in the United States declare our lack of faith in the conference and in effect contribute to an unsuccessful issue by announcing to the world that the United States proposes to go forward and build war vessels costing hundreds of millions and perhaps a billion of dollars between now and 1936?

The Secretary of State recently rushed to Geneva presumably to aid in accomplishing the objects for which the disarmament conference was called. One of the leading Members of this body has been in Geneva for a number of months, together with Mr. Gibson and other delegates from the United States, cooperating with delegates from other nations in attempting to formulate a program to relieve the world of the frightful burdens resulting from military policies and naval armaments. Is this bill before us calculated to impress the conference that we are sincere in protesting our devotion to world peace and world disarmament? Manifestly the reaction would be the reverse, and the delegates undoubtedly would be constrained to seek the reason for the action of this Government in driving forward a measure authorizing a sum so stupendous for naval construction. Is this measure a threat? Is it a bludgeon to compel the conference to adopt a policy looking to disarmament?

Recent statements attributed to some of our delegates would seem to indicate that they are not looking with favor upon the abolition of battleships or a reduction in their tonnage. But I shall not comment further upon these reports. I repeat, however, that, in my opinion, the passage of this measure will be construed by many throughout the world as an evidence of the militaristic spirit upon the part of this Government.

A number of years ago an effort was made to force through Congress the so-called 1915-16 naval bill calling for appropriations of from a billion to a billion and one-half dollars for the construction of the most powerful navy in the world. At that time I was a member of the Naval Affairs Committee and I opposed the bill, because I believed that it would impose unnecessary burdens upon the people of the United States and would arouse fears and apprehensions upon the part of other nations and lead them to believe that the United States contemplated a vigorous foreign policy tainted with imperialistic designs. Europe at that time was prostrate, having emerged from the fires of the World War. It seemed to me not only unwise but cruel for the United States to embark upon a naval policy that inevitably would arouse not only distrusts and ill will but perhaps the hatred of other nations. It was suggested by some who favored the bill that it would act as a club to force other nations to reduce their navies. Senators will recall that following the war Great Britain scrapped hundreds of her ships. The German Navy was destroyed. Japan also scrapped a considerable number of her warships. No nation was building war vessels. The world was hungry; poverty and distress existed in nearly every land. The people wanted peace, not war.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Tennessee?

Mr. KING. I do.

Mr. McKELLAR. The Senator will recall that all of that was nullified a year or two afterward, when, just as soon as we got this great Navy built, we had the exquisite pleasure of sending it all to the bottom of the sea under a disarmament conference where the only nation to disarm was America.

Mr. KING. Mr. President, I am sure my friend will forgive me if I do not assent to his view. In my opinion President Harding and Secretary Hughes rendered a great service not only to our country but to all countries in bringing about the 1922 Limitation of Armaments Conference.

Mr. McKELLAR. Mr. President, will the Senator yield further?

Mr. KING. I yield.

Mr. McKELLAR. Will the Senator be good enough to say what results were achieved by that conference? I should like to hear what they were. I do not know that I ever heard them succinctly given before. I should be glad if the Senator would remind us of what was achieved.

Mr. KING. The benefits derived from the conference were numerous and I shall not be able to recount them all at this

time. Moreover, a discussion of that conference is not quite germane to the matter under discussion. However, may I add that the moral effect throughout the world was of incalculable value. There are imponderables in life which it may not always be easy to ascertain or fully appraise. The fact is that the world emerging from the great war desired assurances that there would be, at least for many years, no repetition of the horrors of international conflicts. The world was ready for moral leadership and was willing to follow any great nation that evinced its interest in the welfare of the world and was anxious to aid in healing the wounds of war and bringing the world back into the paths of peace and industrial development. The conference of 1922 was an important step in this direction. It convinced nations that the United States did not desire to embark upon an imperialistic policy; that it was desirous of limiting the costs of naval armaments and of preventing further naval competition. It was an important event when the leading nations of the earth sat down together and worked out a cooperative plan to limit naval armament.

Mr. McKELLAR. Mr. President, will the Senator yield again?

Mr. KING. I yield.

Mr. McKELLAR. If the United States Government had not sunk this billion dollars' worth of ships, if there were that many—and they were in that neighborhood, I suppose—does the Senator think we would now be called upon, as we are being called upon by the chairman of the Naval Affairs Committee, to build another billion dollars' worth of ships? It seems to me that if we had retained the brand-new ships that were built at that time, and had not sunk them without any consideration at all—because other nations did not sink theirs—we would not now be called on to spend another billion dollars to bolster up our Navy.

Mr. KING. Mr. President, I do not concede the premises of my friend. I do not admit that the United States "sunk" a billion dollars' worth of ships.

Mr. McKELLAR. It was 835,000 tons.

Mr. KING. If the Senator will pardon me, I do not agree with that view. For a moment let me refer to the 1915-16 naval act, which called for 16 capital ships, each of which was to cost approximately \$50,000,000. In addition, there were auxiliary naval vessels, the cost of which amounted to a stupendous sum. I have no doubt that if that program had been carried out it would have cost the people of the United States between one and one-quarter and one and one-half billion dollars. When efforts were made to push this program through Congress it excited fears and apprehensions throughout the world. The peoples of other lands could not understand why the United States, professing as it did to desire peace and the triumph of democratic institutions throughout the world, should suddenly seek to construct a Navy not only more powerful than that of any nation in the world but perhaps equal in strength to the navies of the two other greatest naval powers. It was obvious that the United States was arousing not only fears but the enmities of the world. Nations that had gone through the horrors of war and were bound by the chains of debt felt compelled to take steps to meet what they believed to be a challenge upon the part of this Republic, the most powerful Nation in the world.

It is to the credit of President Harding and Secretary Hughes that they foresaw the danger to the peace of the world if our projected naval policy were carried into execution, and the Washington conference of 1922 was the result of their efforts. They deserve well of their countrymen and the peoples of the world for bringing about the Limitation of Armaments Conference.

Mr. FESS. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. KING. I yield.

Mr. FESS. I dislike to inject myself here; but since the question was asked a while ago whether any concrete advantage had followed the conference to which the Senator

is referring, I wonder if I am wrong in my thought that we were then in the midst of a program that would have made us equal on the sea to the combined navies of Great Britain and Germany in capital ships. If we were in the midst of that program, then any conference that would lead to ending the rivalry on the sea I think was a very good result, and I think it may be stated that it did come about, and ended the rivalry that was then in process.

Then it seems that out of that decision we must have saved the taxpayer a considerable burden, and I also think we lessened the chances of war by the action we took. Some people will dispute that, but I rather think we did.

Then I am of opinion that the conference led also to what President Wilson very tardily agreed to in reference to Shantung. I recall that the President stated that the giving over to Japan of Shantung was a thing to which it was very difficult for him to yield. There was a rescission of that also. Then I think the establishment of the machinery for settling disputes that might arise on the sea was a step in the right direction.

So I think the Senator from Utah is correct when he says that concrete advantages came from that conference.

Mr. KING. I substantially agree with all that the Senator has stated. He has referred to the Shantung controversy, which, as the Senator recalls, was a very live issue in the Senate during discussion of the Versailles treaty. I am glad to say that Japan acted in an honorable way in withdrawing from Shantung and surrendering all control and authority over that important part of China.

Mr. President, the Washington conference, though it did not achieve all that many desired, was one of momentous importance. It relieved the world of much of the spirit of fear and the tension that existed in all lands. It brought assurance to nations and led them to hope, if they did not fully believe, that the day of militarism was over and that imperialistic ambitions would no longer dominate nations.

At any rate, it limited the competitive construction of capital ships, and thus relieved the peoples of most nations of enormous military burdens. It must not be forgotten that when efforts were being made to drive through the 1915-16 naval program Japan became alarmed.

Neither Great Britain nor Japan could understand why the United States—the most powerful Nation in the world, strategically invulnerable to attack—should, when the world was prostrate, enter upon a naval policy that would give her undisputed command of the seas. Japan thereupon, when she learned that the United States was to build 16 capital ships as well as auxiliary craft of all categories, laid down a program calling for 8 capital ships together with auxiliary craft. Great Britain, which since the war had not laid a single keel and had scrapped more than a million tons of her war vessels, became agitated and demands were made that she embark upon new naval construction. I repeat that the calling of the Washington conference was an event of supreme importance. Of course I regret that limitations were confined to capital ships. Many hoped that cruisers and submarines and other naval categories would be dealt with, but all admitted that the results of the conference were of the highest importance to all nations.

Mr. McKELLAR. Mr. President, will the Senator yield to me?

Mr. KING. I yield.

Mr. McKELLAR. I rather dislike to suggest it, but is it not true that after the two disarmament conferences in which we engaged, and after we had sunk the greater part of our Navy to the bottom of the seas, Japan entered upon exactly the program of which the Senator speaks, and has she not recently been overrunning a large portion of China, without regard to us and without regard to any other nation, because she had a navy able to take care of herself under any circumstances; and has she not become a second Germany, if the Senator wants to describe her that way, so far as militarism is concerned?

Mr. KING. Mr. President, I can not assent to some of the statements made by the Senator. As a result of the

Washington conference we did not sink the greater part of our Navy. As a matter of fact, as I have stated, we scrapped fewer vessels than Great Britain scrapped. It is true that we scrapped a part of capital ships in course of construction upon which had been expended very large sums. We had laid down the keels of a number of capital ships and upon some vessels we had expended 10 per cent of the limited cost and upon others a much larger per cent. My recollection is that our losses in dollars and cents were approximately \$300,000,000, but it must be remembered that if we had completed all these vessels we would have burdened the American people to the extent of at least a billion and a quarter dollars. Many of them would have been obsolete or nearly so by this time. We would have expended a hundred million dollars in their maintenance and in an enlarged naval personnel. We would have been compelled to build larger docks, reconstruct many of our harbors to receive these leviathans of the deep, and expend tens of millions of dollars in the construction of shipyards.

Japan also scrapped a number of her war-vessels and, as I have indicated, abandoned her naval program, which in part consisted of eight capital ships. I am not in accord with the Senator that Japan entered upon a program of imperialism or that she has become a second Germany "so far as militarism is concerned." I do not care to comment at this time upon Japan's recent and present course in Manchuria and in China. I express the hope—as we all do—that peace will come to the Orient; that Japan and China will compose their differences; and that China, distracted and disturbed, may soon be in the enjoyment of peace and be free from internal and external dangers.

Mr. President, I am sure that the American people sincerely desire that the disarmament conference now in session at Geneva will bring important results to the world. The recent London conference was disappointing, but I hope that the Geneva conference will go far in relieving the world from naval armaments and will formulate a policy that will progressively reduce armaments until the world will no longer be an armed camp.

The world to-day is praying for peace, and everywhere there are protests against the heavy exactions for military preparations. This Nation, intrenched as it is and secure from attack, is in a position to lead the world. If it sets an example, the world will follow; but so long as we are expending from one to two hundred millions of dollars a year more for our Army and Navy than are expended by any other country in the world, there will be those who will question our sincerity and look upon us as not being free from unworthy ambitions.

I have before me an address recently made by Mr. Grandi, the representative of Italy at the Geneva conference, which indicates the willingness of Italy to abolish battleships and reduce her naval strength in harmony with the actions of other nations. Mr. MacDonald has said that Great Britain would join with other nations in reducing to the lowest limits naval armaments.

I recently read a statement to the effect that Great Britain has cut her appropriations for the navy for the next fiscal year, but we are asked to authorize hundreds of millions for new construction and also appropriate more than \$300,000,000 for the ordinary expenses of the Navy for the next fiscal year.

While our representatives are at Geneva, I hope sincerely for the purpose of effecting a reduction in the armaments of the world, I think it would be a fatal mistake for the Congress of the United States to pass a bill declaring that we propose to avail ourselves of the limitations provided in the London treaty and construct new naval craft which will cost approximately a billion dollars.

Mr. President, it seems to me that if we do such a thing we will subject ourselves to the charge of insincerity and hypocrisy. I can not conceive of the reason for the attitude of my friend in his effort to drive through the Senate a bill committing us to the expenditure of that sum. Of course, he argues, and argues correctly, that when an authorization is made, then the Committee on Appropriations are in duty

bound to make the appropriation. How often Senators rise and say, "This is only an authorization," but when interrogated they will admit that when obtained the Committee on Appropriations will feel constrained to report the appropriation authorized.

So, it seems to me, Mr. President, it is a sort of legerdemain performance when we say, "Oh, this does not mean much," and yet we know that when we pass the bill the department can go before the Appropriations Committee and that committee will be in duty bound to report an appropriation for the execution of the authorization.

I am opposed to taking up the bill at this time. It will be time enough to consider it when we learn the result of the Geneva conference. Suppose a spirit of world disarmament and of peace takes possession of the conference and a plan is agreed upon that changes the form of navies and naval craft and calls for reductions and modifications. We will meet again next December, and we can then make such appropriations as the exigencies of the case may call for. By refusing to pass the bill now we are, in the first place, giving notice to the world that we want the disarmament conference to be a success, that we are not hypocritical, that we are not trying to torpedo the conference.

If the conference is a failure and a spirit of militarism takes possession of the hearts of the world and nations enter upon large naval construction, we will then be at liberty to enact such measures as the situation calls for. By taking that course, as I said, we will contribute to the success of the conference and we will not postpone by one hour the realization of the hopes of the Senator from Maine which contemplate construction and not mere authorization. So, Mr. President, I shall vote against taking up the measure because I think it is inopportune, most unwise, and because the effect would be discouraging to our delegates and harmful to the success of the conference.

ANNIVERSARY OF WASHINGTON'S INAUGURATION

Mr. FESS. Mr. President, it had been my intention on last Saturday to say something with reference to the one hundred and forty-third anniversary of the inauguration of Washington, which was observed in New York in rather an unusual manner, as was the anniversary of the inauguration of the Constitution. One of the great celebrations of this year took place Saturday in the metropolitan city of the country.

In 1889, which was the one hundredth anniversary of the putting into effect of the Constitution, the New York Independent, which from the days of the Civil War and even before then, had been a very notable publication in the metropolis of the country, printed a very remarkable symposium on Washington, estimating 100 years after Washington had been inaugurated what he had contributed to the civilization of the world, and especially in the form of popular government here in the New World.

A year or so ago I asked the New York Times if it would do a similar service to the country this one hundred and forty-third anniversary that had been done by the New York Independent on the one-hundredth anniversary of the inauguration of the President. The Times did a very remarkable piece of work, but of a little different type. I sent to the Library of Congress for the number of the Independent issued on the one hundredth anniversary of the inauguration of Washington in order to get some of the opinions, a few of which I want to include in the Record to-day.

I shall only quote the opinions of British statesmen, which will be interesting, because the American Revolution apparently was against the British Government. Really it was not. Really it was against an obstinate British King. It will be recalled that of the 28 counts in the Declaration of Independence all but 2 began with the personal pronoun "he," referring to George III, and only 2 of those counts referred to Parliament, so that it was not a declaration against the British nation so much as against an obstinate British King. I want the people of the country to-day to have their minds refreshed by the opinions of British states-

men as expressed 100 years after Washington was inaugurated.

I am going to read a short statement from William E. Gladstone. This was on January 10, 1889.

All I can say is that I look upon Washington among great and good men as one peculiarly good and great; and that he has been to me for more than 40 years a light upon the path of life.

That statement was uttered by a man who spent 63 years in the Parliament of Great Britain and was four times Prime Minister of Great Britain and six times Chancellor of the Exchequer, a record that has never been equaled in British history.

Here is another:

Both the pleasant recollection of our past relations and a sense of gratitude I owe you for your generous sympathy for my country I experienced when 37 years ago I, a poor, wandering exile, pleaded its cause before the liberty-loving people of your great Republic, that stupendous incarnation of pure democratic principle which has the providential nation to guide the future ages of mankind on the road of infinite progress, make me most sincerely regret that my extreme old age (87 years), the infirmities naturally inherent to it, the more than a quarter of a century's disuse of writing anything for publication in English, and the habitude of reserve grown to a second nature by my absolute seclusion from all social intercourse, compel me respectfully to decline the honor which, overestimating my abilities, you are kind enough to proffer to me.

I am conscious that the poor remnant of forces still left to me would be utterly inadequate to satisfy you and condignly to answer the high dignity of the solemn occasion which prompted your request.

LOUIS KOSSUTH.

He was the refugee who came to America in 1852 out of Hungary. The only opinion outside of the British opinion that I want to read is from Louis Philippe. He said:

I admired him as a soldier and a statesman when, under the flag of the Union during the great crisis of the Civil War, I followed his footsteps mixed with those of Rochambeau around the ditches of Yorktown. I admire him still more now that I have seen how republican institutions are understood and practiced in France.

That is the French opinion. One of the not spectacular but vitalizing influences in the literary life of Great Britain as well as historical is Justin McCarthy, author of a History of Our Own Times and a member of Parliament from Ireland. The one thing that I remember most distinctly about Justin McCarthy was that as a reporter he reported some of the proceedings of the British Parliament, and, among others, referred to the experience of a reporter with the Duke of Wellington. The duke had been opposing some measure in which the Government was interested. The head of the Government rose and criticized the duke by saying that he regretted to say he did not think the duke had even read the bill, at least he did not seem to understand it. The duke's classic reply was, "I read it through once, I read it through twice, I read it through a third time, and if I do not understand it I must be a damned fool." That is the famous classical reply of the Duke of Wellington to a critic, and this incident is mentioned by Justin McCarthy. McCarthy, suffice it to say, puts Washington as one of the greatest names in history written in England. He said:

Washington's nature had a moral greatness, a poised and balanced perfection about it which can be found in no other figure, however heroic and grand, that lives in the history of war and politics.

There certainly is no higher estimate to be placed upon any figure than that of Justin McCarthy. I desire to confine myself entirely to the utterances of foreign statesmen, and mostly to British. One of the very best statements made is by Goldwin Smith, once a professor of history in Oxford and later a professor in Canada and a very notable author. Among other things he said:

Whether they will ever get back again by another road is the secret of the political future. But we must repeat that if the American Commonwealth as it exists or anything that resembles it in any other country is the ideal, and if Washington was really its founder, he builded much better than he knew.

I would not question the judgment of a great statesman, but I sometimes think that Washington was the one man that did have a comprehension of what the Nation might be. When other people in the convention ridiculed the idea

that the Government might last 40 years, Washington was the man who indicated that it was to be perpetual. One of his outstanding statements in his Farewell Address was where he referred to this country in due time becoming a great Nation.

One other and only one other statement do I want to quote, and that is from the famous Edward A. Freeman, who was professor of modern history in Oxford University and a very fluent writer. One of his best books is entitled "Washington, the Expander of England," in which he indicated that our own Government is not engrafted upon the British system but represents principles of an Anglo-Saxon democracy developed to maturity in the New World unhindered by the customs that had fastened themselves upon the mother country, a magnificent statement of a great historian. I would like to put in the RECORD this statement from Edward A. Freeman. He said:

It was called "George Washington, the Expander of England." Later, again, when I was asked to write an article in a British periodical, I chose a subject suggested by some remarks of Mr. Lowell. I then, in treating of the growth of great men, picked two men out of the whole history of the English folk as most typical of one form of greatness. The two were Alfred, King of the West Saxons, and the first President of the United States.

Mr. President, in these hectic times, when we are discussing the subject of economic rehabilitation, the question of national defense, and so on, it is not inappropriate for us, on an anniversary occasion, at least, to take just a little time to recall to mind the opinions of Washington expressed by great men 100 years after he was inaugurated. I have read from utterances of men delivered in 1889, and this happens to be the one hundred and forty-third anniversary of Washington's inauguration, and 1932 also marks the two hundredth anniversary of his birth. New York having provided a very wonderful celebration on Saturday commemorating the event of his inauguration, I thought it would not be out of place for me to say something on this occasion.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. FESS. I yield.

Mr. BORAH. When the question of the celebration of the bicentennial of Washington was before the Senate some time ago I suggested to the Senator from Ohio the advisability of preparing a small, cheap edition of Washington's selected works for the purpose of distributing it generally throughout the United States. Has anything been done in regard to that suggestion?

Mr. FESS. The committee on program, which meets every second week, took the matter up immediately after the Senator from Idaho made the suggestion and authorized me to consult with Doctor Fitzpatrick, formerly connected with the Library of Congress, who probably is the best-informed scholar on Washington, and to ask him whether that could be done. He stated that it could be done, but that it would be a little difficult to select what should be inserted in such a work. He expressed a very happy willingness to do it if we should give him the authority. We talked the matter over but did not come to any conclusion whether or not we ought to authorize the work to be done, because it would entail considerable additional expense.

Mr. BORAH. How much additional expense would it entail?

Mr. FESS. Doctor Fitzpatrick did not object to doing the work, of course, but suggested it would involve considerable expense. I have no idea what the expense would be. We should have to get that information from the printer.

Mr. BORAH. I think what I suggested would be one of the most commendable ways in which to commemorate the life of Washington.

Mr. FESS. If the Senator from Idaho feels that we could get the authorization for the additional expense, we would give the authority to go ahead with the work.

Mr. BORAH. Of course, I should like to know, if we could get a reasonable estimate, what the additional expense would be.

Mr. FESS. I think I can get that information.

Mr. SHIPSTEAD. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. FESS. I yield.

Mr. SHIPSTEAD. I suggest to the Senator that while the commission is investigating the cost of compiling and printing a selected list of George Washington's writings or addresses, it inquire as to the probable cost of printing and sending to the schools of the United States, in a separate pamphlet, what I consider one of the greatest of American documents—President Washington's Farewell Address. I think that document ought to be in the hands of the pupils of the schools of the United States. Some years ago we appropriated money to send to the school children a copy of the Declaration of Independence, which, in my judgment, was a very fine thing to do. I think Washington's Farewell Address is on a par with the Declaration of Independence, and I wish the commission would investigate the probable cost of sending that document to the school children of the United States.

Mr. FESS. Does the Senator mean that it be sent to each school child or to each school?

Mr. SHIPSTEAD. I think that there should be a sufficient number of copies to enable one to be sent to each school-room.

Mr. FESS. Information as to the cost of doing that could be very easily obtained. The Farewell Address has been pretty generally printed, but it has never been attempted to distribute it in the way suggested by the Senator from Minnesota. I could obtain very easily, I think, the information as to how much it would cost to carry out the Senator's suggestion.

NAVAL BUILDING PROGRAM

The PRESIDING OFFICER. The question is on the motion submitted by the Senator from Maine [Mr. HALE] to proceed to the consideration of the bill (S. 51) to authorize the building up of the United States Navy to the strength permitted by the Washington and London naval treaties.

Mr. FESS. I suggest the absence of a quorum, Mr. President.

The PRESIDING OFFICER. The Senator from Ohio suggests the absence of a quorum. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Smoot
Blaine	Fletcher	Logan	Steiwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkeley	Glenn	McNary	Townsend
Bulw	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Garaway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on the motion submitted by the Senator from Maine.

POSTAL APPROPRIATIONS

Mr. McKELLAR. Mr. President, I am going to detain the Senate for just a moment to refer to a statement that was given out by the Senator from Nevada [Mr. ODDIE] on yesterday, and another statement which was given out by the Postmaster General, I believe, on Saturday.

I submit a copy of a statement that is signed by Senator TASKER L. ODDIE, chairman of the Subcommittee on Treasury and Post Office Appropriation Bill, and signed by him as such chairman. He gives out a statement furnishing a tabulation of how many post-office employees will be dis-

charged if the 10 per cent reduction is made in the Post Office Department. The fact that Senator ODDIE is chairman of the Post Office Committee also gives the statement additional weight.

Mr. President, I want to say that it will be absolutely unnecessary to discharge a single employee in the Post Office Department if the 10 per cent rule is adopted. Substantially the entire 10 per cent reduction can be effected by reducing three items. Besides, there are numerous other economies which can be effected without injury to the service. I now speak of the three items.

If the subsidies for ocean mail be cut off and a reasonable amount only paid for the cost of transportation of such mail, there will be a saving of \$35,000,000 in this one item alone. The proof in the record is overwhelming that 39 of the 44 contracts are absolutely void, and the Government is under no obligation to pay a dollar under them.

These companies do not need this legalized graft. There is no obligation to pay it on the part of the Government, because the contracts are void, and it will be a crying shame upon the American people to require these subsidies to be further paid.

In the next place, we are paying, in round numbers, \$20,000,000 as subsidies to the air companies for carrying both day and night mail. Under the contracts—and whether they are valid or not I can not now say—the Postmaster General can do away with either day or night flying. If he does away with day flying, another saving of \$10,000,000 can be had.

In addition to that, there is a provision in the revenue bill to increase the postal rates on magazines so as to make that function of the Post Office Department self-sustaining. This will enable a reduction of \$25,000,000 more. It can be effected without difficulty on this appropriation bill.

So it is seen that these three items alone, all of them subsidies, can be stricken out, and a 10 per cent reduction secured. Of course, if the Senator from Nevada and Postmaster General Brown prefer to pay these illegal subsidies, and by preference want to discharge employees, that is a matter for them and for the Congress. The Congress will have to direct it to be done before the Postmaster General can discharge these employees. In my judgment, the Postmaster General is unfair in trying to create an impression that the 10 per cent reduction means a discharge of employees. It does not mean any such thing. I have no doubt in my own mind that the Postmaster General would prefer to discharge employees rather than to cut off the subsidies that he has established, although in my judgment 39 out of 44 of them are absolutely illegal. However, until the Congress directs him to do so, the Postmaster General has no power to discharge employees.

These are the facts; and I hope the newspapers will publish them, in order that the public may know the true facts.

I ask unanimous consent to have printed in the RECORD in this connection, as a part of my remarks, a copy of the letter of the Senator from Nevada [Mr. ODDIE] of date May 1, 1932, in which he attempts to show that some 58,000 postal employees will be discharged if this 10 per cent reduction is carried out. Of course there is not going to be any such discharge of employees.

Mr. COPELAND. Mr. President—

Mr. McKELLAR. There could not be if the reduction were all applied in that way; but there is no purpose to apply it in that way. It ought not to be applied in that way.

If the Senator will pardon me, I am going to stop here long enough to say that there is the United Fruit Co. drawing somewhere in the neighborhood of a million dollars a year in a subsidy from the Government for carrying an inconsequential amount of mail.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield, and to whom?

Mr. McKELLAR. Just one moment, and then I will yield to the Senators. That, it will be remembered, is the contract where the advertisement, without authority of law, specified that the ships must have refrigerator space in

order to carry the mails. What for? Because they need refrigerator space to carry the mails? Not at all; but because that particular company was slated for the contract, and the Post Office Department put the refrigerator-space provision in it so as to prevent any other company from securing the contract. The vice president of the company came before the Appropriations Committee. His name was Doswell; and, if I recollect the examination, it was something like this:

Mr. Doswell, your company has refrigerator space in its steamers?

Yes, sir; and we are the only company in the world that has refrigerator space.

Do you have to have this money in order to get along?

Oh, no, sir!

What is the value of your company, Mr. Doswell?

From \$200,000,000 to \$250,000,000.

Are you paying dividends as usual?

Yes, sir.

You have debts, I suppose?

Oh, no, sir!

You have a bonded indebtedness on your plant, I suppose.

Oh, no, sir! We owe no money. We are in fine shape.

And yet the Government is giving, by way of a subsidy, something like a million dollars a year to a company like that under this alleged contract! At a time when we have some eight millions of people out of employment in America, we are devoting the funds of the people to measures like that; and yet the Postmaster General and the chairman of the subcommittee having the bill in charge are saying that we can not effect the saving to which reference has been made without turning off employees!

I am opposed to turning off employees. I say this cut can be made, but it ought to be made out of the legalized graft which is now going on, for that is all it is.

I now yield to the Senator from New York; and I will yield to the Senator from Idaho in just a moment.

Mr. COPELAND. Mr. President, I understand, then, that the Senator who is pleading so ardently for a 10 per cent reduction desires to defend himself against the charge—

Mr. McKELLAR. The Senator is mistaken. I have no defense to make. I am standing here in my right as a Senator, telling the Senate what I believe is the right course of conduct. I am not on the defensive.

Mr. COPELAND. Will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. As I said, the Senator is defending himself—

Mr. McKELLAR. The Senator is mistaken about that, because I am not defending myself. If the Senator considers that I am, he has misinterpreted what I have had to say.

Mr. COPELAND. At any rate, rather than have any reduction of salaries the Senator would have the Government abrogate its solemn contracts?

Mr. McKELLAR. Mr. President, if the Senator had heard me, if he had listened to me for a moment, he would know that I say as a lawyer that 39 of these 44 contracts are absolutely void. They are not binding on the Government. They ought not to be carried out, or attempted to be carried out, by any official of the Government. I am not in favor of abrogating any solemn contract of the Government. I do not propose to have it done. It ought not to be done if a contract has been made; but 39 of these alleged contracts are void, as demonstrated by provisions of the advertisements under which these shipping companies got the contracts at the highest rates. Why? Because there was no competition. The matter was arranged so that there should not be competition, and I say they are not contracts. They are not only not solemn contracts but they are not contracts of any kind, and they are not binding on the American people or on the American Government. So far as I am concerned, I am perfectly willing to stand on that proposition.

Mr. COPELAND. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. COPELAND. I assume that lawyers are not unlike doctors. Doctors sometimes find themselves mistaken in their diagnoses.

Mr. McKELLAR. Oh, yes; and so do lawyers.

Mr. COPELAND. I have been advised by other lawyers, possibly not so well qualified to speak, that these contracts are perfectly legal.

Mr. McKELLAR. I take it that some of the lawyers who have advised the Senator have more knowledge about shipping contracts than I have.

Mr. COPELAND. I think, however, that the Senator leaves a very wrong impression. I hold no brief for the United Fruit Co. It so happens that it is not a New York corporation; but we passed here the Jones-White Act to upbuild the American merchant marine. Before the Post Office Department makes a contract with any one of these concerns, it has the concern sign on the dotted line an agreement that it will invest its money in the upbuilding of the American merchant marine by building new ships. That is a part of the consideration.

Mr. McKELLAR. Mr. President, I am sure the Senator does not want to make a speech in my time. I shall be through in a moment, and then I will yield the floor to him and let him make his speech; but he talks about building up the American merchant marine. Take this very concern, the United Fruit Co. It flies more foreign flags than American flags. The majority of its ships fly foreign flags and run in competition with American ships; and yet we are subsidizing that company.

I call the Senator's attention to a concern in his own State, the International Mercantile Marine. It is drawing subsidies, under a purchase it has recently made, from the American Government; and yet it is under a contract—"a solemn contract," to use words of the Senator from New York—in the event of war to turn over its ships to the British Government. Yet we are paying that company a subsidy.

A number of these companies not only have illegal contracts but they have ships flying foreign flags; yet we are paying them these subsidies, and the Postmaster General is trying to defend the situation by saying that if this 10 per cent reduction becomes law, he will have to discharge employees. There is no use in discharging them at all.

Mr. President, at this point I desire to submit as a part of my remarks a statement of payments made under ocean mail contracts, which I ask every Senator here to read tomorrow morning. It is not long. It unfolds a tale that every Senator ought to know before this bill is finally passed on. The normal transportation, the value of mail carried, and the amount that was paid are stated here. I will read just one or two of them to show the Senate the sort of situation we have confronting us.

Since I mentioned the United Fruit Co., I believe I will refer to that company first.

We made a contract with the United Fruit Co., No. 39, on July 30, 1930. We are paying that company \$392,860 for carrying \$3,000 worth of mail—\$3,248 worth of mail, to be exact. If that mail were carried for any other customer in the world that would be the amount to be paid under the international rates. The result of it is that under this particular contract the United Fruit Co. earns \$3,248. It receives \$392,860, or a bounty or subsidy of \$389,612 a year on that one contract; and the purported contract runs for 10 years.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Tennessee yield to the Senator from Idaho?

Mr. McKELLAR. I yield to the Senator.

Mr. BORAH. The word "subsidy" has a very ugly meaning to me; but I am not sure that this is a subsidy.

Mr. McKELLAR. If the Senator will examine the contract, I am sure his legal mind will bring him to that view.

Mr. BORAH. I was going to ask the Senator to explain just what he means when he says "a subsidy."

Mr. McKELLAR. I mean this: In the year 1928 an act was passed by Congress authorizing the Postmaster General to enter into contracts upon open competition, and agreeing to pay certain amounts for mails carried on that route,

whether the ships carried any mail or not. One contractor said that only a hatful of mail was carried on his route, and yet he was getting several hundred thousand dollars a year for carrying that hatful of mail.

I say that it is an absolute subsidy. It was intended as such, evidently, although the word "subsidy" is not in the act.

The United Fruit Co. received \$247,600 a year for another line. The third one we have not been able to get the facts about. I do not know that they have been put into the RECORD.

The Tampa Intercocean New Orleans and Spain route carried \$20 worth of mail last year, according to the rates of the international agreement for the carrying of mail, the Postal Union rates. By the way, I think we are still a member of that union, although we do not use the rates any longer. The line to which I refer carried \$20 worth of mail last year; but how much do Senators suppose they were paid for that out of the Federal Treasury? They were paid \$438,775.

Mr. BORAH. Was that on a competitive bid?

Mr. McKELLAR. No; practically every bid was arranged so that only one contractor could bid on it.

Mr. BORAH. Arranged among those who were going to bid?

Mr. McKELLAR. Arranged among those who were going to bid.

Mr. BORAH. The Postmaster General did not have anything to do with that?

Mr. McKELLAR. I do not know. I will give the Senator the facts, and he can draw his own conclusions. I shall refer to the testimony taken before the Committee on Appropriations. There are other members of the committee in the Chamber at the present time; and if I make a mistake, I hope they will correct me.

The United Fruit Co., for instance, answered three advertisements for three routes, and the advertisements contained a clause to the effect that no bid would be accepted unless the contractor had refrigerator space. Mr. Doswell, the vice president of the company, came before the committee. He was asked, "Mr. Doswell, do you carry mails on those three routes in refrigeration, within the refrigerator space?"

"Oh, no."

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. McKELLAR. In one moment.

"You do not carry refrigerator space?"

He said, "Senator, we are the only company on the seas that has refrigerator space." They were the only company on the seas, and they bid the highest price on those three contracts. There was no other bidder, and they got the contract.

Mr. BORAH. Mr. President, it is the contention of the Senator, then, that these contracts are void by reason of the fraudulent manner in which they were taken and that that fraud consisted of a combination upon the part of the bidders not to bid against each other?

Mr. McKELLAR. That, and the advertisement itself. There is nothing in the law requiring refrigerator space. But when the advertisement says that no bid will be received unless the contractor can furnish refrigerator space, and it is limited to one company, it goes without saying that that is the only bidder there could be. There was no competition, there were no competitive bids, as required by the law, and therefore the contract is void.

Mr. BORAH. These bids were all taken under authority granted by Congress?

Mr. McKELLAR. Yes; but they did not follow the grant of authority. Congress did not confine it to any particular company, but Congress required competitive bidding. The department shut out the competitive bidding. That is the whole story, and it is so with 39 out of the 45 contracts; and I say that before we tax the American people further it is high time we were looking into this matter and cutting out this legalized graft to these companies which do not need it.

If we are going to give doles to anybody, for Heaven's sake let us give them to people who need them and not to great corporations which are worth from two hundred to two hundred and fifty million dollars, as one of these testified.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BLAINE. What relation does refrigeration have to carrying the mails?

Mr. McKELLAR. According to Mr. Doswell, it has nothing in the world to do with it, except that the company of which he was vice president was the only company that had refrigeration, and they wanted his company to have this contract without competitive bids.

Mr. BLAINE. Will the Senator yield for another question?

Mr. McKELLAR. Yes; I yield.

Mr. BLAINE. Was it the design of the Post Office Department to permit the carrying of perishables by mail?

Mr. McKELLAR. It was not so stated by the Postmaster General.

Mr. BLAINE. If the refrigeration has nothing to do with the carrying of the mails, would not that circumstance of itself point to constructive collusion on the part of the public officials and the company?

Mr. McKELLAR. I think that is a very proper way to put it, constructive collusion between the Post Office Department and the company.

Mr. BORAH. Mr. President, is it true that refrigeration has nothing to do with the carrying of the mails?

Mr. McKELLAR. I assume it for this reason, that there were 36 other contracts, in many instances the ships going into the Torrid Zone of the world, but there was nothing said about refrigeration when those other contracts were made.

Mr. COPELAND. Mr. President, the Senator voted for the bill under which those contracts were made, did he not?

Mr. McKELLAR. I voted for it because it was said that it was not a subsidy bill. I had a campaign on, and when I came back I found out it was a subsidy bill, and I voted against the conference report. I am always glad to give the facts just as I find them. It was argued here on this floor, it was argued in the other House that it was not a subsidy act, but when I began to look into it and found that it was, I certainly voted against the conference report, the form in which the bill became a law.

Mr. COPELAND. If the Senator desires to give all the facts, why does he not tell us why the Post Office Department wanted refrigeration space on those boats?

Mr. McKELLAR. If they furnished the reason, I do not recall it. This is the fact about it. There were 44 contracts in all. All three let to the United Fruit Co. required refrigeration space, and those were the only ones which did make such a requirement, as I recall; and I would be glad to have some Senator correct me if I am wrong. I think the first contract that was let was so arranged that the only company on the seas that could bid was the company that was carrying the mails for the Government on that particular route.

Mr. COPELAND. Mr. President, will the Senator let me complete my question?

Mr. McKELLAR. Certainly; I do not mean to shut the Senator off.

Mr. COPELAND. Is it not a fact that in upbuilding the American merchant marine, in order that these boats may be auxiliaries to the Navy in time of war, it is important that there should be refrigeration space on some of them so that if we were going into the Tropics we could carry perishables without destruction?

Mr. McKELLAR. I think that is a mighty far-fetched suggestion, but if it meets the approval of the Senator from New York, I have no quarrel with him.

Mr. COPELAND. It meets my approval.

Mr. McKELLAR. It does not meet mine.

Mr. COPELAND. It meets my full approval, and it met with that of the Senator, because we discussed that at the time.

Mr. McKELLAR. The Senator is mistaken about that.

Mr. COPELAND. These vessels were intended to be built in such a way that in the eventuality of war we would have a way of carrying our troops and our supplies, our butter and eggs and milk, and all of the other perishables, to every part of the earth; and therefore the Postmaster General very properly stipulated that some of these vessels should have refrigeration space, or that they might not have the benefits of the Jones-White Act.

Mr. McKELLAR. I next turn, just for the sake of calling the Senate's attention sharply to the situation, to the contract of the South Atlantic Steamship Co., Savannah to Bremen, January 5, 1929. They carried in a year \$75 worth of mail. In other words, the cost of transportation, according to the rates of the International Postal Union, was \$75. By the way, although this company's route is in a pretty warm climate, there was a reason why it was not necessary to put refrigeration on those boats. This company could not have gotten it if they had. How much do Senators suppose this company received from the American Government? It received \$917,169 a year, and they have a contract, so called, for 10 years.

If I recall the fact aright—and I think I do—one concern bought vessels from the Government that cost our Government \$16,000,000, and paid the Government for them about a million dollars, and they are getting more than a million dollars in subsidies for running those very ships.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield. I am glad to tell the Senate anything I know about the matter. By the way, I really and earnestly request Senators who are members of the committee, and who heard the testimony, to correct me if I misstate the testimony in the slightest degree.

Mr. COPELAND. Let me, then—

Mr. McKELLAR. Just one moment. I have yielded to the Senator from Wisconsin. When he has concluded, I will yield to the Senator from New York.

Mr. BLAINE. I am interested in this matter of refrigeration on these boats. As I understood the Senator from New York, there was an inducement for building boats for use during war, so that we might have refrigeration on those boats.

Mr. McKELLAR. That was the Senator's suggestion.

Mr. BLAINE. For carrying butter and eggs and strawberries, and things like that, for the soldiers.

Mr. McKELLAR. Yes.

Mr. BLAINE. I can not see the relationship of that to the carrying of the mails at the present time.

Mr. McKELLAR. I can not. Perhaps some Senators can. The Senator from New York, for instance, says he can, and I yield him that power and privilege, but I just can not see the connection. I asked the vice president of the company what it had to do with it, and he did not know.

Mr. BLAINE. Yet I understand these boats, which are equipped with refrigeration, are boats particularly constructed for tropical waters?

Mr. McKELLAR. Yes.

Mr. BLAINE. I did not know that there was any anticipation that we were going to have war with any of our southern neighbors.

Mr. McKELLAR. I am not on the inside, and can not tell the Senator about that.

Mr. BLAINE. I am interested to get the facts with respect to the necessity for refrigeration on these boats, when we do not put the letters transmitted by mail in an ice box.

Mr. McKELLAR. I asked the officials if they put the letters in an ice box, and they said no, they did not put the mails in the refrigeration space. That is an admission, though I am not sure the Postmaster General agreed to it. But I know Mr. Doswell, the vice president of the United Fruit Co. lines, said, at any event, that they did not carry the mails in the refrigeration space.

Mr. BLAINE. Just one other question.

Mr. McKELLAR. Very well.

Mr. BLAINE. Was there any showing before the committee as to why it was necessary to have refrigeration on these boats in order to carry mails?

Mr. McKELLAR. I do not recall any. The Senator from New York [Mr. COPELAND] says I am mistaken, and I will be glad to be corrected; but I do not recall it. I was doing the examining of Mr. Doswell.

Mr. BORAH. Mr. President, was this subject investigated by the committee?

Mr. McKELLAR. Very vigorously and very actively; and I wish Senators would take the time to examine the report of the hearings before the Committee on Appropriations. I think the testimony will be a revelation, such a revelation to the Senate that it will not be seriously contended that these alleged contracts should be further disregarded.

Mr. BORAH. Did the committee make any report?

Mr. McKELLAR. It has not made a report yet. The matter comes before us now in this way: The Postmaster General and the chairman of the subcommittee and the chairman of the Committee on Post Offices and Post Roads, my good friend the Senator from Nevada [Mr. ODDIE], are trying to make it appear that if reductions of 10 per cent are made in the Post Office appropriation bill, the cuts will have to be made in the salaries of the employees.

I have merely shown the Senate that this legalized graft ought to be cut out first, and that there is ample room for reduction if that is done. There will be \$35,000,000 saved in the contracts—\$10,000,000 saved in the air contracts, \$25,000,000 more saved in magazine transportation. Does the Senate know that out of each 7 cents that it costs to transport a magazine in the United States the Government bears 5 cents of it? It costs the American Government \$25,000,000 a year to carry the magazines through the mails, over and above what we receive for that service.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Tennessee yield to the Senator from Florida?

Mr. McKELLAR. I yield.

Mr. FLETCHER. I think in all fairness it ought to be stated, and the Senator will recognize the fact, I think, that in the making of these mail contracts the purpose is to build up the American merchant marine so far as we can. The purpose is to enable the ships and the shipping companies which have the mail contracts to continue. In the first place, the contracts afford a means of getting rid of the ships that are costing the Government enormous sums to operate. The Shipping Board wants to sell the ships. A prospective purchaser of the ships has to figure on the foreign mail contracts. Those contracts enable him to compete with foreign vessels in the operation of the ships. When he gets a foreign mail contract, he is able to bid for ships now owned by the Shipping Board.

Not only that but the Shipping Board requires that the purchaser who acquires the ships from the Shipping Board shall enter into an agreement to replace those ships so that when the ships he purchases are worn out or become obsolete we will have new ships or comparatively new ships to take their place, and in that way perpetuate and maintain an American merchant marine.

That is one point. Another point is—

Mr. McKELLAR. Just before the Senator leaves that point let me interrupt him.

Yes; but how is the money supplied? Does the shipowner pay for building the new ships and replacing the old ones? Not at all. There is a revolving fund set up by the Congress amounting to some three or four hundred million dollars, placed in the hands of the Shipping Board to be loaned to the very shipping people who have received the contracts. The Government puts up three-fourths of the money.

One of the shipping companies not long ago said they wanted to build four ships which would cost \$7,000,000, or \$28,000,000 in all. The Government had to put up \$21,000,000 of the \$28,000,000. Does any Senator know what they included in that \$28,000,000? They included a hotel at one of the ports in a foreign country. They included all the kitchen utensils. They included all the table linen. They included all the furnishings.

Mr. NORRIS. At what rate of interest?

Mr. McKELLAR. The Senator from Nebraska asks the rate of interest. I am happy to tell him that some of them got the money at a rate as low as one-fourth of 1 per cent; some of them at three-eighths of 1 per cent; some of them at one-half of 1 per cent; some of them at five-eighths of 1 per cent; some of them at three-fourths of 1 per cent; some of them at seven-eighths of 1 per cent; some of them at 1 per cent; and some unfortunate ones had to pay as much as 1½ per cent.

Mr. NORRIS. Terrible!

Mr. McKELLAR. Yes; horrible! Think of a shipping company enjoying all these bounties and subsidies at the hands of the Government when we give them our ships—because they have not paid for any of them—and then we give them subsidies for operating them in an amount running into the millions of dollars. The bill carries \$25,000,000 to aid the shipowners in the form of subsidies for operating the ships and the Government is furnishing the ships, and then the Government puts up three-fourths of the cost of new ships that are built, still paying them this subsidy. Senators, if we continue this system we will eventually have no Government. It is a perfect outrage. Think of it. We charge the farmers something like 5 per cent.

Mr. BORAH. Eight per cent.

Mr. McKELLAR. Eight per cent is what we charge the farmers on what they borrow, but a shipowner comes along and borrows at one-fourth of 1 per cent and one-half of 1 per cent and three-fourths of 1 per cent. I say the Congress ought to take steps to remedy this situation, and ought to take steps promptly. Talk about not being able to cut down this department 10 per cent under circumstances such as we have confronting us to-day! The only mistake we made was in not cutting more. It is an outrage upon the American people who have to pay the costs.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. Let me yield farther to the Senator from Florida, who had not concluded his statement, I believe.

Mr. BORAH. Mr. President, may I ask a question before the Senator proceeds? Before what committee is the investigation pending?

Mr. McKELLAR. The only way it happened to come before the Senate at all was through the matter being brought up in the Appropriations Committee of the Senate. We are called upon to appropriate for these subsidies at this time something like \$39,000,000. I am raising the question about that item. I say there are 39 out of the 44 contracts which are absolutely void.

I now yield farther to the Senator from Florida.

Mr. FLETCHER. I am very glad to have the committee go into the separate contracts. It may be that some of them should be very carefully looked into. There may be something irregular about them. But I am not dealing with the separate contracts. That is a matter to be gone into very carefully by the appropriate committee. I am speaking generally about the policy which the Congress adopted. It was for the purpose of enabling the Shipping Board to get rid of the ships that were costing the Government an enormous amount of money.

As to the loan fund, Congress did enact that law and did make the mistake of specifying in the act that the money would be loaned to the shipbuilders, provided they built in American yards and built according to plans and specifications laid down for them, having in view the national defense, having in view the needs of our commerce, mail routes, and all that sort of thing. They built according to those plans and they got their money cheap. The law provided that they were to have the money at the same rate the Government was paying, and that is how these extraordinarily low rates came into the contracts. They found at the time that the Government was paying these low rates on its money, and the contracts were made upon that basis. The Senator from Michigan [Mr. VANDENBERG] subsequently introduced a bill which changed that and made the minimum rate 3 per cent, and that is the law now. But

it required an act of Congress to do that. We had overlooked the matter entirely.

Mr. McKELLAR. Will my good friend from Florida allow me to continue my speech long enough to pay a compliment where I think it is due? Nobody knew anything in the world about these companies getting this money at these remarkably low rates of interest. It was like a sealed book even to the Government itself, apparently. It was due to the sagacity and the earnest efforts of my distinguished friend the junior Senator from Michigan [Mr. VANDENBERG] that the matter was brought to light. When it was brought to light he introduced a proper measure to correct it, and it has been corrected. We are not lending money at those rates now, but we had been doing it for years.

Mr. WHITE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Maine?

Mr. McKELLAR. I am glad to yield.

Mr. WHITE. May I interject at that point that after the Senator from Michigan called attention to the rates of loans and after a bill fixing legally the rate of interest at 3½ per cent was brought before the Senate, the bill remained on the calendar of the Senate nearly 10 months without action.

Let me call attention to another thing in connection with these loans. Something has been said about loans to shipbuilders and about loans to farmers. I want to tell the Members of the Senate that under the construction-loan fund there have been but 12 loans made, bearing a rate of interest of less than 2½ per cent, and that the total of those loans amounts to about \$29,000,000. The effective rate of interest on all loans made as of April of this year to shipbuilding companies from the time the construction-loan provision of the law was enacted in 1920 has been 4¼ per cent.

A year or more after the construction-loan provision was amended in the merchant marine act of 1928 there was passed through the Congress the agricultural marketing act, so called, authorizing in almost identical language of the construction-loan fund of the 1928 act loans to farmers' co-operatives in the country. As against the \$29,000,000 loaned to shipbuilding companies at less than 2½ per cent, what is the history under the agricultural marketing act? There has been loaned under that act a total of almost \$929,000,000. The average rate of interest has been 1.7 per cent as against an average rate of interest to the shipbuilders of 4.25 per cent. The rate of yield under that marketing act has been as low as one-eighth of 1 per cent.

When Senators are talking about these loans, let us tell the whole story of loans. If the loans to the shipbuilding companies are invalid because of that rate of interest, let us go down the line; let us invalidate the loans to the farmers' co-operatives; let us act in a full appreciation of all the consequences involved.

Mr. McKELLAR. I quite agree with the Senator.

Something has been said about refrigeration. Here is the contract of the Mississippi Shipping Co. showing that it carried \$62 worth of mail. When I say it was \$62 worth of mail, I mean that the postage under the International Postal Union rates amounted to \$62. How much do you suppose, Mr. President, they received for carrying that mail? They received \$607,792.

Mr. LONG. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. Does the Senator want to have the business of Latin America brought to the United States or not?

Mr. McKELLAR. I hope we can get it.

Mr. LONG. Does the Senator know if it had not been for the Government subsidy the trade between Latin America and the United States never would have been developed? We never would have been able to get it if it had not been for that Government subsidy. It is a question as to whether we want the trade of Latin America or not.

Mr. McKELLAR. We are paying pretty dearly for it.

Mr. LONG. Furthermore, I can tell the Senator that the Mississippi Shipping Co. has not made anything out of its operations even with the Government subsidy.

Mr. McKELLAR. If the Government would turn over to me \$970,000 a year for 10 years, I think I could get along pretty well.

Mr. LONG. The Senator could not operate those ships even with a Government subsidy of \$970,000. He could not last a month in the business at that rate.

Mr. McKELLAR. I now go to my friend from Florida. The Tampa-Interocean-New Orleans-Spain route appears next here. How much mail was carried last year on that route? They carried enough mail to earn, under the International Postal Union rate, the enormous sum of \$20. They actually earned that much money! They would have carried that mail for any other Government for \$20. How much did this particular company get for carrying it? It got \$438,775. That is pretty good business. These may be hard times for some people in this country, but they are certainly not hard times for the shipping interests which are enjoying subsidies and subventions from the Federal Government.

By the way, while they are not refrigerated ships—Mr. Doswell said that no one else except his company had any such ships—they go to hot countries, and when it is desired to carry chickens and eggs for our soldiers in the next war, I can not imagine why this line should not be selected for that purpose.

The American-West African Line runs from New Orleans to West Africa. I have never been to Africa, but I understand it is quite hot there. If we are going to have a war there, as the Senator from New York thinks we may have some time in the future, it does seem to me that we might need refrigeration on steamers in order to carry eggs and chickens and fresh fruits for our soldiers when we send them over there.

How much mail did the ships of this line carry? They carried more than the Florida line; they carried \$30 worth of mail. How much did they get for it? Here is shown an injustice done to Louisiana; an invidious distinction made between Florida and Louisiana, which ought to be corrected. The American-West African Line for carrying \$30 worth of mail received only \$89,820, while the Tampa Inter-ocean Line carried less mail—only \$20 worth—and received \$438,775. That is a discrimination.

Let me say to the Senator from Florida that Louisiana ought to be put on the same basis with Florida when it comes to these subventions, these gratuities, these hand-outs which the American Government is giving to these rich companies while 8,000,000 of our people are without employment. The Senator from New York said that I am here defending myself about something. I am not here defending myself about anything. A shipping company does not mean anything to me.

Mr. BLAINE. Mr. President, will the Senator yield?

Mr. McKELLAR. I will yield in just a moment. I do, however, have the greatest consideration for the poor fellows who are walking the streets with nothing to do, whereas we are giving \$35,000,000 to the great shipping companies, one of which, as I pointed out a while ago, boasted through its vice president that it was worth from two hundred million to two hundred and fifty million dollars, owed no debts, was paying dividends as usual, and had outstanding no bonds. Now I yield to the Senator from Wisconsin.

Mr. BLAINE. Mr. President, the Senator referred to the discrimination in the amount of the subsidy received as between the line from Florida and the line from Louisiana.

Mr. McKELLAR. Yes, sir.

Mr. BLAINE. May not that discrimination be explained in this way: That in the one case there was greater refrigeration space than in the other?

Mr. McKELLAR. Possibly that may explain it.

Now I want to call the attention of the Senator from California to a discrimination against his State. The O. & O.

Navigation Co.—I think its name is the Oceanic & Oriental Navigation Co.—of San Francisco, running from San Francisco to Saigon, which is on the other side of the Pacific, in French Indo-China, carried \$2,655 worth of mail—a tremendous amount of mail as compared with the mail carried by some of the other lines—and how much do Senators suppose they received for it? They received \$300,210 for it. That is an outrageous discrimination against the line from California.

Mr. President, I have these figures before me, and they are all taken from official records. It will be remembered that the Senate in December adopted a resolution directing the Postmaster General to furnish these contracts to the Senate; they are here in printed form; and any Senator can see them and can verify what I have said about them; they are all here. In recapitulation let me say that the total payments under the contracts from the first voyages down to June 1, 1931, were \$40,965,031; that the total transportation value of the mail under the International Postal Union rates was \$3,667,614; and the amount of the subsidy, or the gratuity, was \$37,297,417. I wish to say further that we find in this bill, if I remember aright, a recommended appropriation of \$39,000,000 for this year for this service on these ships.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. I yield.

Mr. NORRIS. I should like to ask the Senator if this bill should be recommitted to the committee with instructions to report it back with a 10 per cent reduction in the aggregate, what assurance he can give the Senate that the reductions will come out of the shipping contracts rather than out of the employees who are working for the Post Office Department as hired men and hired women?

Mr. McKELLAR. As a matter of fact, the Senate has already sent the Post Office and Treasury bill back to the committee with instructions to cut the appropriations it contains 10 per cent. The committee held meetings for several days, and then the meetings were discontinued. I can not say why. The Senator from Nevada, who is chairman of the subcommittee, can tell us why. I can only say that the Postmaster General seemed to think, according to his testimony before the committee, that it would be necessary to discharge employees. I do not think so. I want to say to the Senator that I think the subsidies ought to be cut out.

Mr. NORRIS. Of course that is so; but the danger is, is it not, that instead of cutting out the subsidies, the saving will be made by discharging a large number of employees and letting the subsidies remain?

Mr. McKELLAR. Oh, no; that can not be done. The Postmaster General has no authority to discharge employees unless Congress directs him to do so. Congress has the power in the premises.

Mr. NORRIS. Yes; but the Post Office authorities have already said that that is what they will do, have they not?

Mr. McKELLAR. The Postmaster General has said that the reduction would necessitate the discharge of 36,000 employees. He does not want to cut off any of the subsidies, of course.

Mr. NORRIS. Of course not.

Mr. McKELLAR. His plan is to discharge the employees. He says it will require the discharge of 36,000. My good friend from Nevada, the chairman of the subcommittee [Mr. ODDIE], went him one better yesterday—and that is why I happen to be on the floor to-day—and said that the Postmaster General is mistaken about it, and that a 10 per cent reduction is going to mean the discharge of 58,000 employees.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Virginia?

Mr. McKELLAR. In just a moment. A 10 per cent reduction made along the line I am suggesting need have no

such result. That is the way it ought to be made, and there are plenty of other avenues for making reductions in the bill itself besides the three I have been talking about. There never was a better place to make reductions than in this appropriation bill; and yet we are confronted with the kind of a situation I have indicated. The Senator from Nebraska asks what I think about it. I still have a notion that the Senate of the United States is not going to cut off employees, but is going to make the reductions along the lines I have suggested.

Mr. NORRIS. I hope so, but what assurance would we have of that being done?

Mr. McKELLAR. Nothing in the world but a vote of this body.

Mr. NORRIS. Exactly; but the first vote is going to come in the committee; and suppose the committee reports the bill back in accordance with the recommendations of the Postmaster General?

Mr. McKELLAR. If it does, I hope the Senate will vote it down; and I will undertake to vote with the Senator from Nebraska and other Senators to vote it down if the bill shall be reported in accord with the recommendations of the Postmaster General. I do not think any such report ought to be made.

I want to say for the committee that it has acted with the utmost fairness in the case of the other bills which were recommitted with instructions to make the 10 per cent cut. Under that procedure we have had cuts made in bills affecting five departments. We have cut down the appropriations in the Interior Department bill and in the bill affecting the Departments of State, Justice, Commerce, and Labor. In bills affecting five departments the 10 per cent reduction has been made. It was fairly made, squarely made after examining every item, and I do not think any harm has been done at all. I hope to see the same thing done in the case of the Post Office and Treasury Departments bill. Why should we make distinctions between the Post Office and Treasury bill and the bills affecting the five departments I have mentioned? I do not think we ought to do it, and I do not think we will do it.

The Senator from Virginia asked to interrupt me a while ago, and I now yield to him.

Mr. GLASS. It was so long ago that I have almost forgotten the particular point. As I recall the incident, however, I wanted to respond to an inquiry made by the Senator from Nebraska.

Mr. McKELLAR. I will be happy to have the Senator do so.

Mr. GLASS. The Senator from Tennessee will recall that the Secretary of the Treasury was before the Appropriations Committee and in a qualified way he referred to the Senate's brutality in compelling him to dismiss 6,000 employees of the Treasury Department under the 10 per cent reduction. I challenged the Secretary of the Treasury to show one word or sentence in the resolution of the Senate that required him to discharge a single, solitary employee. What had been expected was that the Secretary of the Treasury and the Postmaster General would cooperate with the Committee on Appropriations in making reductions in these appropriations without the discharge of a single employee, and that could be done.

Mr. NORRIS. Mr. President, if the Senator from Tennessee will permit me—

Mr. McKELLAR. I will yield in just a moment. I want to say that the Senator from Virginia is absolutely right in his recollection of what transpired before the committee. We have not had any cooperation from any of the Cabinet officers; they have all opposed these reductions; they have all put their opposition on the ground that it affected employees, when it does not affect employees.

By the way, while I am on my feet and before I yield to the Senator from Nebraska, as I will with pleasure in just a moment, I want to say that the Secretary of the Treasury, as I recall, made one very valuable suggestion. It will be

remembered that the Senate itself in sending the Treasury and Post Office bill back to the committee excepted the building program. It developed that the appropriation provided by this bill for buildings was \$108,000,000. It also developed that up to April 1 of this year, under the greatest pressure, the department had spent only \$60,000,000 for buildings, and it expected to spend some \$25,000,000 more—I doubt if they will spend \$20,000,000 more—during the last three months of the present fiscal year. However, suppose they do spend \$25,000,000 more or what they expect to spend; that will amount to \$85,000,000 expended this year under the greatest pressure. They have been able to spend but \$65,000,000; and yet they are recommending that we appropriate out of money in the Treasury which we have not got \$108,000,000, and the Senate—

Mr. LONG. Mr. President—

Mr. McKELLAR. Just a moment. And the Senate agreed to that and accepted it. I am inclined to think the Secretary of the Treasury is right and that we could easily save not less than \$15,000,000, at any rate, and have an even greater building program carried on than has been carried on during the current year. I am inclined to think that the Senate made a mistake in excepting the building program. I do not believe the department can spend \$108,000,000 if we give it to them; I doubt it. Mr. Mills took that position, and I for one am inclined to agree with him. So we may have an amendment about that before we get through. Now I yield to the Senator from Louisiana.

Mr. LONG. The Senator said something which perhaps he wanted me to notice, although I do not think it is very material.

Mr. McKELLAR. Perhaps not.

Mr. LONG. The point I want to make is this: If the American merchant marine can not be maintained except under these subsidies, the question is whether we should or should not maintain an American merchant marine. Is it not a fact that practically all the ships in the American merchant marine plying between the United States and South American and Central American ports are to-day flying the flags of foreign countries, with the sole exception of those having Shipping Board contracts and those operating the so-called subsidies, which the Senator is mentioning?

Mr. McKELLAR. The Senator is not correct about that. For instance, the Munson Line has more foreign-flag ships than American-flag ships, and it is drawing its portion of the subsidy. It came before our committee fighting an amendment put on by the House to the effect that a subsidy should not be granted to any company which had a foreign-flag ship running in competition with an American-flag ship. Do you know that that amendment is being fought? The fact that one of these companies is drawing a subsidy from our Treasury, and operating more foreign-flag ships than American-flag ships, does not seem to have made any difference. They are here fighting the provision. Their officials came before us fighting for the subsidy.

Mr. LONG. I do not think the Senator understood my question.

Mr. McKELLAR. I am sorry.

Mr. LONG. I am not speaking about the Munson Line having foreign-flag ships and domestic-flag ships; but the concern that the Senator mentioned, running from New Orleans, for instance, does not fly a foreign flag.

Mr. McKELLAR. The Mississippi Valley Co.—and, by the way, I think that was a very improvident contract, but the Senator was not in the Senate at the time—the Mississippi Valley Co. is one of the few shipping companies that apparently have good contracts. The Congress awarded that contract over the head of the department, and the result is that the company probably got a valid contract; but it is a very improvident contract, and one that never should have been made.

Mr. WHITE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Maine.

Mr. WHITE. The Senator's approval of appropriations for construction work leads me to interject that under the merchant marine act of 1928 there has already been contracted for the construction in American yards of ships which will cost more than \$300,000,000. That sum will be paid out in American shipyards to American workingmen for building American ships—a substantial contribution to the cause which seemingly is near the Senator's heart.

Mr. McKELLAR. All that means is that the Government has contributed \$225,000,000 of that amount.

Mr. WHITE. Oh, no!

Mr. McKELLAR. Oh, yes; because all these shipping concerns that want it get three-fourths of the money from the Government. All they have to do is to apply for it, apparently.

Mr. WHITE. They borrow it from the Government and are liable for its repayment.

Mr. McKELLAR. Of course they borrow it from the Government; and I have my doubts about whether it will ever be paid back.

Mr. WHITE. The Government takes back mortgages on the ships, and such additional security as the Government demands; and there have been no losses.

Mr. McKELLAR. The Senator is mistaken about it. There has been no additional security in the case of any of the contracts; and everybody knows that after a ship gets in the water it is not worth three-fourths of its building price.

Mr. BORAH. Mr. President—

Mr. McKELLAR. I yield to the Senator from Idaho. I want to apologize to the Senate for having taken so long. I intended merely to put these things in the RECORD in refutation of the statements given out by the Postmaster General and the chairman of the subcommittee having the bill in charge, as I thought. I believed them to be a refutation of their statements. I may be mistaken, and they may be right; but I thought they were wrong, and that is all I rose for. Various questions have brought on this argument, however; and I thought I would let the Senate know what I happened to know about the matter.

Mr. BORAH. Mr. President—

Mr. McKELLAR. I yield to the Senator from Idaho.

Mr. BORAH. I listened to the radio address of the able Senator from Nevada [Mr. ODDIE] about the effect of this 10 per cent cut with reference to discharging employees, and I must say I was impressed with the idea that we had made a mistake.

Mr. McKELLAR. Naturally so.

Mr. BORAH. I do not see how the 10 per cent can be taken off these subsidy contracts, because they are contracts.

Mr. McKELLAR. Oh, no; the so-called contracts are void.

Mr. BORAH. But somebody has to declare them void.

Mr. McKELLAR. We are going to invite the companies to go before the courts, of course, so that whatever rights they have can be adjudicated.

Mr. BORAH. Yes; I know; but can that be done in time to save the employees from being discharged?

Mr. McKELLAR. Why, we are not going to discharge employees if these contracts are taken away. What is the necessity of it? Here are \$35,000,000 in subsidies paid to shipping companies. Here are \$10,000,000 paid under contracts to the air mail companies. Here are \$25,000,000 paid to the magazine owners for transporting their magazines through the mails. That is \$70,000,000. That is 10 per cent of the \$700,000,000 that it costs to run the Post Office Department.

Mr. BORAH. Are not all of those sums paid under contract?

Mr. McKELLAR. Oh, no; they are just paid in money. It may possibly take some clerk in the department a little time to attend to the matter. I imagine there would not be

half a dozen employees engaged in turning over this money to the contractors.

Mr. BORAH. Do I understand that the payments that are promised are under such contracts that the Postmaster General could at his own discretion discontinue them?

Mr. McKELLAR. I am not sure but that he could do that. I know he could in the case of the air mail contracts, and I am inclined to believe he could in the case of the others. The Comptroller General is examining into the matter now; and if he were called on to testify I do not see how he could do otherwise, after examining the contracts, than to say that they are void, and that we ought not to pay out this money anyway. That would carry the matter to the courts, and the shipping companies would be obliged to go to the courts in the case of 39 out of the 44 contracts.

Mr. GLASS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Tennessee yield to the Senator from Virginia?

Mr. McKELLAR. I yield.

Mr. GLASS. As a matter of fact, the Secretary of the Treasury, before the Appropriations Committee, unqualifiedly censured this body. He then proceeded to make suggestions that would enable the Treasury Department to make this 10 per cent cut without the discharge of a single employee.

I resent for myself, and I think the Senate should resent, the attempt to make it appear that this body brutally and arbitrarily imposed upon these two departments the duty of discharging in one instance 58,000 employees, and in the other instance 6,000 employees. I gather from what the Senator from Idaho said a moment ago that he had no such idea in voting for this 10 per cent reduction.

Mr. McKELLAR. Of course not.

Mr. GLASS. Certainly I had no such idea; and I do not believe a single, solitary Senator here was so unmindful of the situation as to propose to make a brutal discharge of this number of employees. It is not necessary.

Mr. BORAH. Mr. President—

Mr. McKELLAR. Before I yield further to the Senator from Idaho, which I shall be glad to do in just a moment, I want to make a statement about one of the most remarkable things that has happened to me in my public life, and I have been here quite a good long while.

The Secretary of the Treasury came before our committee Friday afternoon a week ago, and in the course of his remarks stated how he could assist in making this reduction. He said, "I have a way in which part of it can be made." Mind you, these two bills involved over a billion dollars. He said, "I will tell you how you can save \$500,000 if you will just abolish one of the customs offices in Los Angeles," I believe, "one in Nevada, one in Nebraska, one in Louisiana, one in Florida, one or two in Texas." I do not think he sought to abolish any in Massachusetts, but he suggested abolishing one in Maryland, one in Virginia, one in South Carolina, one in Louisiana. I believe there was one in South Dakota, too. These collectors of customs in the various States cost the Government about \$500,000.

I take it that the Secretary made that recommendation in good faith; and, strange to say, I never asked him a question about it. I have looked at the record since, to be absolutely sure whether I did or not. It is a wonder I did not.

Mr. GLASS. Mr. President, perhaps the Senator wanted to find out whether or not it was proposed to abolish any in Tennessee. [Laughter.]

Mr. McKELLAR. Oh, I failed to say that he did propose to abolish one in Tennessee; but even that did not bring a comment from me, as I find from the record.

That was in the afternoon. Either that night or perhaps before daylight the next morning somebody from Memphis called me up and said, "Look here. We have just been notified by the Treasury Department that you have introduced a bill to abolish the office of collector of customs in Memphis." Think of it!

Mr. BORAH. The Senator got caught. [Laughter.]

Mr. McKELLAR. I got caught. I did not make a recommendation about it. The Secretary of the Treasury made the recommendation, but the propaganda went out. They were building a fire under me. [Laughter.] That is what they thought. That was the purpose of it, of course. That was the purpose of giving out the statement that there are going to be 36,000 postal employees discharged. Why, just let me show you. Look at this—and, by the way, I again request that this matter be inserted in the Record at the end of my remarks.

The PRESIDING OFFICER. Without objection, the data referred to by the Senator from Tennessee will be inserted in the Record at the end of his remarks.

(See Exhibits A and B.)

Mr. McKELLAR. Here is a statement made by the Postmaster General, given out over the radio by the Senator from Nevada [Mr. ODDIE], as to what will happen if the 10 per cent reduction is put on this bill along the lines we have been talking about here, or any other lines. The first State is Alabama. There is nobody here from Alabama at the moment, so I will not read it. Let me find Nebraska.

In Nebraska 18 assistant postmasters will lose their jobs, 109 clerks, 203 city carriers, 11 village carriers, 40 railway postal clerks, 3 vehicle employees, and 199 rural carriers. One hundred and ninety-nine rural routes will be consolidated and 224 rural routes will be reduced to triweekly service. The Senator from Nebraska will be getting more letters and telegrams from postal employees in his State two days after this statement reaches Nebraska than he has received in a long time.

In the case of the Senator from Idaho his mail will be delayed a little longer, because it takes a little longer for the news to get to Idaho; but every Senator here is going to be appealed to by postal employees in every State in this Union. Why? Because of the outrageous propaganda that is being put out by the department. The Post Office Department is putting out this propaganda that the purpose of this reduction is to cut off employees and not to reduce expenditures, such as we have been talking about here this afternoon.

I think it is the duty of the Senate to legislate for the benefit of the people and to cut down these subsidies and let these poor people who are getting small salaries go on drawing their salaries as usual. The idea of taking away, as is proposed here, the pitifully small salaries that now are paid and allowing a concern like the United Fruit Co., with \$200,000,000 of assets, without any lien or mortgage on it at all, to receive a gratuity of \$1,200,000 from the Government! Senators, if we do that we are unworthy, as it seems to me, to legislate for the American people.

Mr. BLAINE. Mr. President—

Mr. McKELLAR. I yield to the Senator from Wisconsin.

Mr. BLAINE. I assume from what the Senator has stated that he is not in favor of cutting 10 per cent off the appropriation for salaries.

Mr. McKELLAR. Why, no. There is no proposal in the 10 per cent reduction to do that at all. Whatever of that kind comes up is purely incidental. There is a bill pending over in the House that seeks to deal with the question of cutting salaries. We are not undertaking to deal with it. What we are trying to do—what I am trying to do, and what the Senators who have so splendidly helped me in the past are trying to do—is to cut down these wasteful, indefensible expenditures of our Government, sometimes for purposes that are improper.

Mr. BLAINE. Mr. President, will the Senator yield for another question?

Mr. GLASS. Mr. President, may I suggest to the Senator from Wisconsin that even if the reduction did involve a 10 per cent cut in salaries, to which I am opposed, that would not necessitate the discharge of all these employees.

Mr. McKELLAR. Of course, it would not.

Mr. GLASS. A man would rather have his wages cut 10 per cent than lose his job. So that the brutality in this

whole thing rests upon the department officials who are seeking to impute something to the Senate which the Senate never attempted to do. So far as I am concerned, I would be willing to modify the resolution and instruct the Committee on Appropriations to preclude from the operation of the reduction all of the employees.

Mr. McKELLAR. I think the committee is going to do that anyway. I hope it will. I want to say again for the committee, that while a majority of the committee has not agreed with me in these matters, they have lived up to the directions of the Senate like men, and I honor them and respect them for it. They are good men.

Mr. BLAINE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. BLAINE. Another item which the Senator has not mentioned, and I assume it has not been called keenly to the attention of the Committee on Appropriations, is with respect to the larger leases for postal service, for instance, the leases which call for \$6,000 annual rental.

The Senator will recall that I made some remarks on the floor of the Senate a few days ago pointing out that those leases totaled, in round numbers, \$6,000,000 a year. I made the proposal that the Government construct and own the essential post-office facilities, and that the amount necessary to meet the cost of construction could be raised by a bond issue, the same as a municipality or a county raises money by a bond issue for permanent improvements. That would not mean immediately a \$6,000,000 saving, but it would mean such a saving within a very few years.

Mr. McKELLAR. Mr. President, I want to say that, in my judgment, the Senator from Wisconsin has done a wonderful work in his examination of that particular matter. I have no doubt in the world, from the cursory examination I have given to the matter, that great sums have been wasted in these rental contracts. A system ought to be devised along the line the Senator suggests. The matter has not come before the committee, although I am quite sure that is one of the items on which a saving can be made, for the reason that rents are infinitely cheaper to-day than they have been in many years, everywhere except perhaps in Washington. I know that what little property I have is largely in real estate, and I doubt whether I am getting enough in the way of rents to pay the taxes on that real estate. I am quite sure that very large savings can be made by the Government in its rental of post offices.

Mr. President, I ask that there may be published at the end of my remarks the figures about which my good friend the Senator from Nevada [Mr. ODDIE] talked yesterday and put into the hands of all the newspapers of the country. I think they ought to go into the Record, if they have not already done so.

I want to add this very valuable comparison of payments made under ocean mail contracts.

I earnestly ask that Senators give this matter their attention. It is a matter involving at least \$100,000,000 to this Government. I hope they will give it enough attention tomorrow morning so that they may be informed about the true facts.

I have taken a great deal longer than I intended. I should never have spoken this long, but under the circumstances I am quite sure the Senate will forgive me.

The matters referred to by the Senator from Tennessee were ordered to be printed in the Record, as follows:

EXHIBIT A

MAY 1, 1932.

Memorandum to correspondents.

For your information I am sending you a tabulation made by the Post Office Department showing, by States, the number of postal employees whom it will be necessary to dismiss in the event the Senate adheres to its recent decision and compels a 10 per cent reduction in the appropriation for the Post Office Department. It is my purpose, in the near future, to ask the Senate to reconsider this order.

The department points out that for each consolidation of two rural routes one carrier must be dismissed; in an even larger number of instances rural service would necessarily be curtailed from daily to three times a week.

In the large cities the department advises me that carrier service in the business sections would be reduced from four to two deliveries daily; in the residential districts a 10 per cent cut in appropriation would reduce deliveries from two to one each day. In many small villages carrier delivery would be dispensed with and patrons would be forced back to the old custom of getting their mail at the post office. The number of railway mail clerks to be dispensed with is also shown.

Inasmuch as the appropriations for the Treasury and Post Office Departments are combined in one bill, and both are covered by the order for a 10 per cent cut, I invite your attention to tables appearing on page 8951 of the CONGRESSIONAL RECORD of April 26.

TASKER L. ODDIE,
Chairman Subcommittee on the Treasury-
Post Office Appropriation Bill.

State	Assistant post- masters	Clerks	City carriers	Village carriers	Railway postal clerks	Vehicle em- ployees	Rural carriers	Rural routes consolidated	Rural routes reduced to tri-weekly service
Alabama.....	11	70	131	44	22	1	200	200	225
Arizona.....	4	23	42	1	1		7	7	8
Arkansas.....	9	53	98	19	27		140	140	156
California.....	92	565	1,050	14	51	17	98	98	111
Colorado.....	16	100	186	5	26	3	58	58	65
Connecticut.....	25	157	291	11	20	3	51	51	57
Delaware.....	3	18	33	10	6	1	19	19	21
District of Columbia.....		91	169		36	8	1	1	1
Florida.....	14	85	138	8	27	3	53	53	59
Georgia.....	22	138	236	52	60	4	279	279	316
Hawaii.....	2	12	22						
Idaho.....	4	23	42				40	40	45
Illinois.....	181	1,091	2,028	77	195	48	466	466	525
Indiana.....	36	223	414	44	80	5	314	314	355

State	Assistant post- masters	Clerks	City carriers	Village carriers	Railway postal clerks	Vehicle em- ployees	Rural carriers	Rural routes consolidated	Rural routes reduced to tri-weekly service
Iowa.....	32	196	365	25	75	2	389	389	438
Kansas.....	19	116	215	29	40	1	318	318	360
Kentucky.....	16	98	182	25	40	3	176	176	200
Louisiana.....	13	79	147	9	16		65	65	73
Maine.....	10	59	111	17	20	2	94	94	105
Maryland.....	20	122	227	13	21	7	74	74	84
Massachusetts.....	70	433	805	12	80	25	57	57	64
Michigan.....	55	337	626	34	45	12	310	310	349
Minnesota.....	41	254	471	9	90	8	304	304	343
Mississippi.....	7	44	81	7	14		176	176	200
Missouri.....	67	413	763	52	135	17	402	402	454
Montana.....	6	36	66		10		24	24	27
Nebraska.....	18	109	203	11	40	3	199	199	224
Nevada.....	1	8	15		1		1	1	1
New Hampshire.....	5	34	63	6	7		48	48	54
New Jersey.....	48	295	549	36	57	5	57	57	64
New Mexico.....	4	23	42		7		9	9	10
New York.....	299	1,790	3,331	44	235	73	348	348	392
North Carolina.....	17	102	190	17	22	1	239	239	270
North Dakota.....	7	41	76	2	15		142	142	160
Ohio.....	97	599	1,112	77	150	28	441	441	497
Oklahoma.....	17	105	195	18	11		220	220	249
Oregon.....	13	80	149	7	18		50	50	56
Pennsylvania.....	121	728	1,354	106	170	42	388	388	437
Porto Rico.....	1	8	15	4					
Rhode Island.....	8	49	90	8	6	2	8	8	9
South Carolina.....	5	31	57	37	12	1	149	149	169
South Dakota.....	7	41	76	6	8		124	124	139
Tennessee.....	19	120	223	29	60	5	294	294	331
Texas.....	49	302	562	12	75	4	409	409	442
Utah.....	5	34	63	16	19		12	12	13
Vermont.....	4	26	48	7	9		64	64	72
Virginia.....	19	117	217	11	40	6	203	203	229
Washington.....	21	129	239	3	32		76	76	85
West Virginia.....	11	67	125	14	18		85	85	95
Wisconsin.....	36	221	411	19	40	4	315	315	356
Wyoming.....	2	15	28		6		4	4	5

EXHIBIT B

Comparison of payments made under ocean mail contracts (Title IV, merchant marine act, 1928) with the normal transportation value of the mail in fact carried
(Compiled by John Nicolson from data furnished by the Postmaster General to the U. S. Senate, in response to Senate Resolution 85 (S. Doc. No. 69), April 30, 1932)
[Based on International Postal Union rates]

Mail route No.	Names of line and terminal ports of routes	Date service began	Total payments under these ocean mail contracts to June 30, 1932	Commercial value of the transportation (I. P. U. rates)	Excess of contract payments over commercial value	See S. Doc. No. 69
4	Munson Line, New York and Buenos Aires.....	Aug. 1, 1928	\$3,679,132	\$239,718	\$3,439,414	Page 408
5	Export Steamship Co., New York and Mediterranean ports.....	Aug. 20, 1928	3,855,403	89,697	3,765,706	411
6	American-South Africa Line, New York and East African ports.....	Oct. 27, 1928	782,692	43,237	739,455	421
8	Grace Steamship Co., New York and Chile.....	Aug. 2, 1928	2,676,706	374,634	2,302,072	422
10	New York & Porto Rico Steamship Co., San Juan, P. R., and Santo Domingo.....	Dec. 3, 1928	132,312	12,720	119,592	425
15	Eastern Steamship Lines, Boston and Yarmouth, Nova Scotia.....	Aug. 16, 1928	648,432	9,246	639,186	429
16	American-Scantic Line, New York and Baltic area.....	Oct. 1, 1928	1,618,941	248,647	1,370,294	442
17	American-West Africa Line, New York and Capetown, South Africa.....	do	796,557	10,294	786,263	446
18	Atlantic & Caribbean Steam Navigation Co., New York and Maracaibo, Venezuela.....	Oct. 3, 1928	1,025,017	175,368	849,649	448
19	Colombian Steamship Co., New York and Colombia, South America.....	Apr. 2, 1930	334,182	56,060	278,122	452
20	New York & Cuba Mail Steamship Co., New York and Habana, Cuba.....	Oct. 6, 1928	1,461,152	99,416	1,361,736	454
21	New York and Cuba Mail Steamship Co., New York and Vera Cruz, Mexico.....	Oct. 4, 1928	1,153,724	28,507	1,125,217	459
22	Gulf Mail Steamship Co., New Orleans and Progreso, Mexico.....	June 1, 1929	48,548	4,735	43,813	463
23	Lykes Bros. Steamship Co., Galveston and San Domingo.....	Oct. 1, 1928	789,258	665	788,593	465
24	Oceanic Steamship Co., San Francisco and Australia.....	Oct. 18, 1928	1,915,625	675,951	1,239,674	470
25	Dollar Steamship Lines, San Francisco and Manila, P. I.....	Oct. 12, 1928	3,517,944	410,074	3,107,870	472
26	Admiral Oriental Line, Seattle and Manila.....	Oct. 6, 1928	2,965,098	699,062	2,266,036	474
27	Dollar Steamship Lines, San Francisco and Ceylon.....	Oct. 5, 1928	3,156,770	123,344	3,033,426	476
28	States Steamship Co., Portland and Manila.....	Oct. 15, 1928	1,098,735	11,275	1,087,460	478
29	States Steamship Co., Portland and Dairen.....	Oct. 5, 1928	537,950	6,162	531,788	480
30	Oceanic & Oriental Navigation Co., Los Angeles and New Zealand.....	Oct. 1, 1928	480,930	12,367	468,563	481
31	Oceanic & Oriental Navigation Co., Los Angeles and Melbourne.....	Oct. 11, 1928	580,140	11,181	568,959	483
32	American Line Steamship Co., New York and Balboa.....	Apr. 1, 1929	885,280	52,353	832,927	484
33	South Atlantic Steamship Co., Savannah and Bremen.....	Jan. 5, 1929	917,169	75	917,094	487
34	Pacific Argentine-Brazil Line, San Francisco and Buenos Aires.....		759,036	274	758,762	490
35	Mississippi Shipping Co., New Orleans and Brazil.....		607,792	62	607,730	491
36	Tacoma-Oriental Steamship Co., Tacoma and Manila.....	Aug. 1, 1929	666,384	1,901	664,483	493
37	Panama Mail Steamship Co., San Francisco and Habana.....	July 12, 1930	434,152	1,821	432,331	495
38	Grace Steamship Co., Tacoma and Chile.....	July 11, 1930	238,500	329	238,171	496
39	United Fruit Co., San Francisco and Armurellas.....	July 3, 1930	392,960	3,248	389,712	497
40	United Fruit Co., New York, Habana, and Port Limon.....	(1)	(1)	(1)	(1)	7
41	United Fruit Co., New Orleans, Habana, Cristobal, Cartagena.....	(1)	(1)	(1)	(1)	8
42	United States Lines (canceled).....	(2)	(2)	(2)	(2)	8
43	United States Lines, New York, Plymouth, and Hamburg.....	Mar. 4, 1931	450,248	141,421	308,827	499
44	United States Lines, New York and London.....	Apr. 24, 1930	1,254,906	118,763	1,136,143	500
45	Tampa-Inter Ocean, New Orleans and Spain.....	July 1, 1930	438,775	20	438,755	502
46	Roosevelt Steamship Co., Baltimore and Hamburg.....	July 1, 1931	(1)	(1)	(1)	9
47	America West Africa Line, New Orleans and West Africa.....	July 19, 1930	89,820	30	89,790	503
48	Oceanic & Oriental Navigation Co., San Francisco and Dairen.....	July 3, 1930	224,650	4,292	220,358	504
49	Oceanic & Oriental Navigation Co., San Francisco and Saigon.....	July 2, 1930	300,210	2,655	297,555	505
Total.....			40,965,031	3,667,614	37,297,417	

¹ Subsequent to June 30, 1931. This compilation is as of June 30, 1931, and effective date of contracts is Mar. 21, 1932. The initial fleet and schedule will require annual payments of not less than \$247,600 for No. 40, and not less than \$245,750 for No. 41.

² This contract was canceled before its effective date. (S. Doc. No. 69, p. 8.)

³ Effective date subsequent to June 30, 1931. The initial fleet and schedules will require annual payments exceeding \$1,223,000.

	Steamship line	Effective date of contract	Annual payment for initial fleet and schedules will exceed—	
52	Eastern Steamship Lines: New York to Yarmouth, Nova Scotia; Boston to St. John, New Brunswick.	May 1, 1932.....	\$300,000	9
53	American Diamond Lines: North Atlantic to North Europe.	Oct. 1, 1931.....	520,000	10
54	Waterman Steamship Corporation: Gulf to North Europe.do.....	650,000	10
55	Gulf Pacific Mail Line: Seattle and Tampico.do.....	150,000	10
56	Seatrains Lines: New Orleans to Habana.	After Jan. 1, 1932, and before Oct. 31, 1932.	120,000	11

NOTE.—First voyages all subsequent to June 30, 1931.

RECAPITULATION

I. Total payments under the contracts from the first voyages, respectively, to June 30, 1931.....	\$40,965,031
II. Total transportation value of the mail in fact carried, computed at the rates prescribed by the International Postal Union.....	3,667,614
III. Excess of the payments actually made, over the commercial value of the transportation service performed.....	37,297,417
IV. Services since effective: Contracts for mail routes Nos. 40, 41, 46, 52, 53, 54, 55, and 56, listed above, have become effective since June 30, 1931, the date to which this compilation relates. The total annual payments thereunder, on the basis of the initial fleets and minimum schedules, will aggregate more than \$3,450,000 annually, in addition to the foregoing.	

NOTE.—The United States pays American vessels not having these ocean mail contracts a higher rate than the International Postal Union rates; but the excess over the International Postal Union rates is itself a subsidy, hence this comparison is made with the International Postal Union rates, for otherwise the comparison would not reveal the excess over true values.—J. N.

Mr. FLETCHER. Mr. President, I want to take a few minutes to discuss somewhat the matter of the merchant marine. I am particularly interested in that, and I do not want to see this great country of ours deprived of an adequate merchant marine to serve the country in commerce overseas, to provide for emergencies, such as we have contemplated, and, in so far as this measure affects the merchant marine, I want to submit a few observations.

I do not know that the measure really does reach the merchant marine, except indirectly. If these foreign mail contracts are laid to one side, then we will find ourselves in the position where some people who have purchased ships from the United States Shipping Board will be unable to carry on under their contracts, and will probably have to surrender those ships and get out of the business. Others who are contemplating the purchase of ships owned by the Government will not be able to carry through their efforts in that direction, and we will find the Government still operating certain ships at considerable loss.

There has been a deficit year after year on account of ship operations. This bill does not ask for any appropriations for the Fleet Corporation at all. They are asking for nothing. It does not provide for a dollar of appropriations. They have sufficient to take care of the deficit if any arises this year from the operation of ships. There is no provision here for the Shipping Board, except for their ordinary administrative expenses. So that the appropriation does not affect the Shipping Board or the Emergency Fleet Corporation.

When we come to the question of canceling the ocean mail contracts, then that will affect subsequently the disposition of ships now owned by the Government and the contracts which are now in existence.

We are in this situation: The Government of the United States now owns 357 ships. The number in actual operation to-day is 115. The number available for sale for operation is 167. The number in lay up, to be sold for scrap, is 75.

That is the situation with our shipping. Certain consolidations are proposed and are now under way, and I think they will be accomplished. When those consolidations are finished the Shipping Board will have five lines in operation, as follows:

America France Line, from New York, Philadelphia, Baltimore, and Hampton Roads to French ports.

The Gulf Lines, from the Gulf ports to the Orient, United Kingdom, and continental ports.

The American Hampton Roads Line, from Philadelphia, Baltimore, Hampton Roads, and Boston to the United Kingdom, Hamburg, and Bremen.

The American Republics Line, from Boston, New York, Philadelphia, Hampton Roads, Savannah, and Jacksonville to the east coast of South America.

The American Pioneer Line, from Boston, New York, Philadelphia, Norfolk, and Hampton Roads to Australia, the Orient, and India.

It is important for us to keep these services going, important for our trade, our commerce, and the general welfare of the country.

The effort has been for the Shipping Board to get out of this business and turn it over to private enterprise. They have sold quite a number of ships and a number of lines.

The Senator referred to the Tampa Inter-ocean Line. The Tampa Inter-ocean Co. was an operating company for the Shipping Board, operating a number of ships out of the Gulf to foreign countries. The business was not there. A good deal of money was spent in developing the business, and there were deficits occasioned in the operation of those ships. Finally, partly persuaded by the Shipping Board, induced by the Shipping Board, and under arrangements by reason of this ocean mail contract, this Tampa Inter-ocean Co. was able to buy these ships and operate them at their own cost and expense.

A subsidy, if Senators want to call it that, a subvention, as some people more euphoniously speak of it, an ocean mail contract, enabled them to buy these ships, save the Government the cost of operating, the deficits that occurred year after year, and take care of the services at the same time. That is how that contract arose.

Mr. NORRIS. Mr. President, will the Senator yield to me?

Mr. FLETCHER. I yield.

Mr. NORRIS. I presume it will be conceded that if the Government keeps in operation all of the other activities of the Post Office Department, for instance, and is unable to levy taxes sufficient to pay the expenses for these additional things, there will be some things which the Government is obligated to do which it will be impossible to do. Why would it not be all right, assuming that we can not escape from these contracts, to apply the same principle to these subsidy contracts that has been applied and permitted by us with our debtors who owe us, and declare a moratorium?

Mr. FLETCHER. Mr. President, does the Senator mean for the Government to suspend all payments under these contracts?

Mr. NORRIS. Suspend payments, just as we have agreed that other nations should suspend payments when they are due us.

Mr. FLETCHER. It is just a question of whether the Government wants to abandon the conception, which I think was a very wise one, that it was our duty to establish and maintain an adequate merchant marine to serve our commerce, or lend it this assistance. They can scrap all these ships, which are costing something.

Mr. NORRIS. It is evident, it seems to me, that the Government, with its present income, is not able to keep all of these activities going. They must either declare a moratorium, as far as the post-office activities are concerned in the country, or they must cut these payments they are making to these shipping lines. At least, it seems to me it would not be unfair to apply the same principle to these shipping concerns that our foreign debtors have applied to us, and simply say, "We have not the money. We can not raise it." Rather than to discharge employees drawing several hundred thousand dollars in salaries in the Post Office Department in our own country, and thus kill it, why not declare a moratorium on these subsidies?

Mr. FLETCHER. It would tie up these ships, and if the ships are unable to run, then of course it will be necessary to discharge a number of seamen and officers.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. FLETCHER. I would like to hurry on; but I yield.

Mr. McKELLAR. Let me ask about the contract to which the Senator has referred. That was with a Government-owned line running out of Tampa.

Mr. FLETCHER. Yes.

Mr. McKELLAR. The operators of the line entered into a contract to buy that line at about one-sixteenth of the cost of the ships. They made that contract with the Shipping Board.

Mr. FLETCHER. I understand that.

Mr. McKELLAR. Then at the same time, after getting a tremendous subvention, or subsidy, in the price of the ships, they went before the Postmaster General and got a contract.

Mr. FLETCHER. Yes.

Mr. McKELLAR. And they got it in this way. Under the advertisement they started the line to run under the contract so quickly that no other line on the seas could bid on it except this particular line. That is what happened.

Mr. FLETCHER. How many ships were in that line?

Mr. McKELLAR. I do not remember.

Mr. FLETCHER. The Government was losing money on these ships year after year. The cost of operation far exceeded the revenue from the earnings of the ships. So the Government unloaded an unprofitable business on these purchasers. There is no doubt about that. I assume, taking all the circumstances together, that the purchasers figured and understood that they were to get a foreign mail contract. Otherwise they never would have bought the ships at all. I expect that was all understood when the trade was made. They would not otherwise have bought the ships, because they were losing money operating them for the Government, and they had to have something to offset the loss, which they conceived an ocean mail contract would provide. That is how the transaction went through. Out of \$18,000,000 of contracts made throughout the country for foreign mail service this is the only contract in the Gulf.

Mr. NORRIS. Mr. President, will the Senator yield further?

The PRESIDING OFFICER (Mr. ROBINSON of Indiana in the chair). Does the Senator from Florida yield to the Senator from Nebraska?

Mr. FLETCHER. I yield.

Mr. NORRIS. Assuming now, which, of course, I do, that the Senator's figures are correct, that the figures given by the Senator from Tennessee are correct—and that is that the shipping company got the ships for one-sixteenth of their value—

Mr. FLETCHER. Oh, no; not of their value.

Mr. McKELLAR. Of their original cost.

Mr. FLETCHER. They could not sell them at all now at any figure.

Mr. NORRIS. Very well; so that the ships to a great extent were gifts, and assuming that they got enough money out of the Government to operate them and still could not make them pay and still made a financial failure of it, what excuse can be given for trying to operate them in the line at all?

Mr. FLETCHER. They are not making a financial failure at all. I did not say that. I said they would have incurred a loss year after year and month after month and day after day except for the ocean mail contracts. That enables them to even up, and they are going on and developing trade, sending our commerce to the Orient, to Africa, and to various points of the world.

Coming back now to the matter I was discussing, the America France Line made 52 voyages per year; the American Hampton Roads 58 voyages per year; the American Republics Line 44 voyages a year; Dixie Mediterranean Line, Southern States Line, American Gulf Orient Line, 205 voyages per year from the Gulf. The total of all services, the sale of which is contemplated, was 359 voyages per year.

The total out-of-pocket cost of the whole service is \$5,010,456 per year. That is, the total cost, if the board continued to operate them, would be \$6,669,148 per year. Continuing these lines would cost the Government \$6,669,148 per annum. The total of the mail contracts for all

these services and all these lines amounts to \$4,175,463. In other words, there is a saving of \$2,500,000 by letting the ocean mail contracts and letting these people operate the lines and relieving the Shipping Board of the cost of operation.

The question is whether we are willing to continue to burden the Government with the deficit in the cost of operating this service which could be offset by the ocean mail contracts and the Government could save over \$2,000,000 a year, pay the contract, and have the service at the same time. That is the question to be considered. I do not want to see the service abandoned. I do not believe the country can afford to have the services abandoned notwithstanding exports and imports have fallen off. We have to go out for this business all over the world. We are in touch with all the nations and all the ports of the world. We must keep that up because some day we are going to extend our trade and increase our exports and imports.

Reference was made to the United Fruit Co., a rich company which has mail contracts. What is the United Fruit Co. doing? The people who get contracts are required to maintain the line and replace the ships. The United Fruit Co. is to-day building 6 magnificent ships in American yards for their service, 3 at Hampton Roads and 3 in northern yards. They are actually building those ships at costs running into millions of dollars, to be operated under our flag and engage in American commerce.

Some sport was attempted to be made about the matter of refrigeration. Refrigeration is necessary not merely for the ships but for our commerce, because they operate to Central and South American countries and carry fruit. We can not deliver fruit across the Atlantic Ocean—grapefruit, oranges, and so forth—without refrigeration.

Therefore it was specified in the plans for their ships that they should be equipped with refrigeration facilities in order to serve our trade and commerce, to do business with these people with whom we are seeking to do business. That is why the requirement is incorporated. It does not have anything to do with the mails, but in making the contract for carrying the mail we reserve the right to plan the ships, to design the ships—at least they must comply with standards laid down by the Navy and by the Shipping Board. That is one of the requirements which we exacted. We exacted the requirement that they must build the additional ships and that they must be built in American yards and operated under our flag. That is a part of the contract.

Mr. President, I ask to have inserted in the RECORD a letter from Mr. O'Connor, chairman of the Shipping Board, addressed to the Hon. EWIN L. DAVIS, a Member of the House, on April 18, 1932, and the statement to which I have referred.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

APRIL 18, 1932.

HON. EWIN L. DAVIS,

*Chairman on Merchant Marine, Radio, and Fisheries,
House of Representatives, Washington, D. C.*

DEAR CHAIRMAN DAVIS: Referring to letter of April 16, 1932, regarding economies which can be effected by the Shipping Board and the Fleet Corporation, I beg to advise you that the board this morning ratified and approved the letter as delivered to you.

The board particularly desires to call your attention to an additional figure of saving which can be effected if all the lines are sold, amounting to \$443,945. The board feels that the cost of mail pay first year for the Gulf lines as already calculated in Exhibit C of the April 16, 1932, letter is overstated by the figure just named, and therefore we can assure you that there will be an additional saving of \$443,945 over and above that already shown in the April 16 statement.

This additional figure does not include the advantage to the Treasury of the 25 per cent down payment in cash which would accrue from the sale of the lines the first year. This cash would amount to \$1,255,477.56.

To summarize: Whereas our letter of April 16 shows total savings by the board and Fleet Corporation of \$2,305,240, we may go further and say that there will be in addition to that \$443,945 and \$1,255,477.56, making a total figure of economy through the retrenchment and sales program submitted, of \$4,004,662.56.

Exhibit C of our letter of April 16, 1933, is resubmitted, showing revision in amount of mail pay for Gulf services and stating the sailings and figures of operation and mail pay as one consolidated line. You will note column headed "Total out-of-pocket cost." This figure is the amount the board would

save in cash requirements were the respective lines sold, i. e., the amount inclusive of the lump-sum payments and the fleet overhead. The out-of-pocket cost does not include the non-cash items of depreciation and overhead.

Very truly yours,

T. V. O'CONNOR, Chairman.

Financial results to Government from sale of Shipping Board Lines and award of mail contracts

Lines whose sale is contemplated	Voyages per year	Lump sum, all voyages	Merchant Fleet Corporation overhead ¹	Total out-of-pocket cost	Depreciation, 8 per cent	Interest, 3 per cent	Total cost continued Shipping Board operation	Total cost mail pay first year
America France Line (O. A. 1924).....	52	\$535,756	\$114,916	\$650,672	\$115,872	\$43,452	\$809,936	\$441,920
American Hampton Roads Line (includes Oriole & Yankee).....	58	446,600	140,642	587,242	135,328	50,748	773,318	579,435
American Republics Line.....	44	396,000	146,909	542,909	133,384	50,019	726,312	654,103
Gulf services: Dixie Mediterranean Line, Dixie U. K. Line, Southern States Line, American Gulf Orient Line.....	205	2,495,000	734,613	3,229,613	821,752	308,157	4,359,522	2,500,000
Total all services, sale of which is contemplated.....	359	3,873,356	1,137,080	5,010,436	1,206,336	452,376	6,669,148	4,175,463
LINES WHOSE VESSELS CAN NOT BE SOLD BECAUSE THEIR MINIMUM PRICE AS FIXED BY LAW IS PROHIBITIVE								
American Pioneer Line:								
Australia.....	5	125,000						144,750
India.....	11	385,000						296,725
Orient.....	10	330,000						337,500
Total.....	26	840,000						
Excess repairs.....		150,000						
Total.....		990,000	165,910	1,155,910				778,975

¹ Estimated

Mr. ODDIE. Mr. President, on several occasions in the last two weeks I have discussed this matter somewhat in detail and I do not intend at this time to refer to it again at length. The Senator from Tennessee [Mr. McKellar] has referred to a statement to which I have just given out publicity through the press, including a table showing the number of men in the Post Office Department who will have to be discharged in case the 10 per cent cut is carried into effect. The statement was by States. I asked the Post Office Department to give me the figures, and to break down the total figures into States. They have not volunteered this information. I have asked the Post Office Department to give me other information, which they have furnished, in relation to the effect of the 10 per cent cut. I have requested the Secretary of the Treasury to give me various forms of information, which has been furnished. They have not done this voluntarily.

The Senate instructed the Appropriations Committee to make a 10 per cent cut in the Treasury-Post Office appropriation bill. In making that 10 per cent cut somebody must be hurt. The Senate excluded the building program from the 10 per cent cut, and, in my opinion, acted wisely in so doing. Therefore it must fall on the balance of the bill. The 10 per cent cut must also fall on the Post Office Department appropriation. It becomes necessary under that order of the Senate to cut \$80,000,000 from the Post Office appropriation. Where can this be done? The Senator from Tennessee states that it can be done by canceling the ocean mail contracts and the air mail contracts. I contend that that can not be done at this time. There are various forms of machinery provided by the Government for attending to matters of that kind, but the Appropriations Committee is not the organization to decide whether these contracts shall be cancelled or not. The canceling of the contracts means the repudiation by the Government of its definite and positive legal obligations, and I do not believe the Government is going to repudiate its contracts. If anything wrong is found in the contracts, there are ways of correcting them, and I would be in favor of righting them, of course.

Mr. President, the Post Office Department has stated plainly time and again that the only place the cut can be made is through reduction in the various services of the department. That means discharging employees. I have given out the statement to the public a number of times lately and, I hope, in a clear form. It will mean that tens of thousands of men and women will have to be discharged. I do not want to see this done, and that is the reason for my special activity in getting the question before the American

people, so they can give their word that they do not want these faithful employees discharged and do not want to have the various branches of the Government service disorganized and crippled. They do not want these services to be curtailed and done away with, as they would have to be in many instances.

Mr. McKellar. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKellar. Is it not true that the Post Office Department is consolidating rural routes in every part of the country to-day? Are they not engaged in the consolidation of rural routes all over the country?

Mr. ODDIE. I understand the Post Office Department is active in trying to make consolidations and to effect economies in that line wherever possible.

Mr. McKellar. Is it not true that whenever they consolidate rural routes it means throwing some employee out of employment?

Mr. ODDIE. That is true; and where it is not necessary that two lines exist and where they can consolidate them without doing any harm, that will be done. But this arbitrary wholesale demand on the Post Office Department to consolidate thousands of them, as they will have to do at once if the 10 per cent cut is carried through, is working a great hardship and will seriously curtail the services which the people in our cities and towns and on the farms are receiving to-day. We can not afford to make these wholesale drastic cuts in this manner now.

Mr. Vandenberg. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. ODDIE. I yield.

Mr. Vandenberg. Does the Senator think the Federal personnel should make any contribution of any nature to the deficit situation which we confront?

Mr. ODDIE. That goes to the question of wage reduction; and I do not propose to discuss that question at this time. I have not brought it into the discussion. I am discussing the question of the 10 per cent cut which the Senate has ordered in the appropriation bill.

Mr. Vandenberg. The question in my mind is whether or not the 10 per cent cut to which the Senator addresses himself is not bound up in some degree with the economy program now being developed in the House, and whether it is possible for us to answer intelligently the Senator's ques-

tion until we know the answer to the question raised in the House.

Mr. ODDIE. There is a great deal of merit in what the Senator from Michigan has just suggested; but suppose, before the House has decided what shall be carried in the economy bill in regard to wage and salary reduction, the Senate should make an arbitrary 10 per cent cut in the bill now under discussion? Then we would have to readjust this bill with what had been done in the House economy program. I think there is a great deal in what the Senator has suggested. There should be more coordination between the House and the Senate in this matter. I think informal discussion among the leaders and those specially interested would help solve the problem. But if the Senate is to make the 10 per cent cut before the House and Senate have determined what will be carried in the economy program bill in regard to wages and salaries, I am afraid something unintelligent will result.

Mr. VANDENBERG. Can the Senator advise me whether all the Federal personnel in Washington has the benefit of a 30-day annual vacation with pay and 30 days' sick leave with pay?

Mr. ODDIE. My impression is that it does. It may be that I am wrong about it. I have not studied all the details of it.

Mr. VANDENBERG. Does the Senator think at that point there might not be some reasonable contribution which might be made to our program this year?

Mr. ODDIE. I have no doubt there might be some contributions made, but that is a matter which should be considered in connection with the economy bill.

Mr. VANDENBERG. I agree with the Senator respecting that.

Mr. ODDIE. I do not think it belongs in this particular bill.

The Senator from Virginia [Mr. GLASS] has commented on the action of the Secretary of the Treasury in regard to the Treasury appropriation bill, which is a part of the bill we are now discussing. The Secretary of the Treasury was requested to state where, in his opinion, this cut could be made with the least harm to the service. He pointed out that, in his opinion, the public-buildings program could be cut with less harm than would result from the discharge of employees; but the Senate has given its approval to the elimination of that suggestion, and I am very glad it has taken that course.

The only alternative open to the Secretary of the Treasury in that case was to state that personnel in his department must be discharged, because a large part of the appropriation goes to the payment of personnel. He stated that upwards of 6,000 employees in the Treasury Department would have to be discharged if the 10 per cent cut were made. I have pointed out where harm would come from that wholesale discharge. I have shown that the Government will lose in revenue many times the amount of the cut if it shall be made.

The Secretary of the Treasury pointed out that one method of applying the cut, if it were carried through, would be the abolishment of customs offices in the interior States and the consolidation of certain others on the seacoast. He did not offer this as a voluntary suggestion, but made it in answer to our request to point out where cuts could be made with the least harm in case they had to be made.

Mr. President, I am not going to discuss this question further at this time. It will be again brought up on the floor of the Senate. I simply want to state that I take the responsibility for having called this matter to the attention of the American people as best I could. In the first place, I called the attention of the American people to the harm that would come by eliminating under the building program from 250 to 300 public buildings which are now ready to be started in the cities of the United States. That would cause severe suffering and untold disappointment. We should not think of taking a step of that kind, and the Senate unani-

mously decided not to do so. The Senator from Tennessee disagrees with me, and thinks that those buildings should not be constructed at this time.

Mr. McKELLAR. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Tennessee?

Mr. ODDIE. I yield.

Mr. McKELLAR. The Secretary of the Treasury also disagrees with the Senator.

Mr. ODDIE. I will admit that he does.

Mr. McKELLAR. The Senator will remember his testimony to the effect that he did not think the department could very well spend \$108,000,000 on public buildings next year; that he thought \$14,000,000 could easily be cut off the building-program appropriation without hurting that program in the least; and that as much as \$25,000,000 might be cut off, as I remember his testimony. I think I am right.

Mr. ODDIE. Mr. President, some days ago I referred to the letter from the Secretary of the Treasury, which I placed in the RECORD, in which he stated that if a 10 per cent cut were made in the whole bill the building program for 1932 and 1933 would have to be indefinitely postponed. I am relying on his statement on that point. He feels that a cut can be made in that program, but I disagree with him in that respect. I feel that too much harm will be done to American industry and American labor to permit a thing of that kind to be done.

Mr. President, I will not discuss this matter further. The Senator from Tennessee referred to my remarks over the radio on this question on Saturday night as those I have given to the press regarding the number of post-office employees who will have to be discharged in case the 10 per cent cut is made. They are different statements. To clear the matter up I ask to have my radio address printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The address is as follows:

We in Congress are providing for the appropriation of money with which to run the Government of the United States during the next fiscal year. The need for economy is great. We are all well aware of it and doing our utmost to bring it about. But we also are burdened with the duty of seeing to it that the essential functions of government are discharged with efficiency. We can not permit ballyhoo and hysteria to take the place of sound judgment and thoughtful action.

The several appropriation bills to provide funds for operating the great departments of government must, under the Constitution, originate in the House of Representatives. The House bills are based on estimates made up in the first place by the various bureaus. These estimates are then revised and reviewed by the several Cabinet officers, and finally scrutinized and revised by the Budget Bureau. This process requires months of work, study, and conferences. The final estimates, as approved by the Director of the Budget, then form the basis on which Congress builds each appropriation bill. The work on these bills in Congress begins with the House Committee on Appropriations, whose duty it is to translate the Budget into the form of appropriation bills, and start them on their journey on the road to become laws.

The work of the departments in estimating their needs for this year has been conducted with economy as the paramount objective. This, under strict instructions from the administration. The Cabinet officers cut down the estimates of the bureau chiefs. The very efficient and merciless Director of the Budget, Colonel Rood, in his turn, pared down the Cabinet officers' estimates to the very bone before approving them for presentation to the House. These Budget estimates were then considered carefully and further reduced by subcommittees of the House. The findings of the subcommittees were approved by the full Committee on Appropriations. The finished bills were then debated at length on the floor, and passed by the House with such amendments or specific reductions as the House determined advisable, and are now appearing in the Senate for action by that body.

The Interior Department bill came to the Senate first, after having gone through these stages. It carried \$50,000,000 in round figures. When it reached the Senate it was referred to a subcommittee which held hearings, gave it due consideration, and reported it to the full committee, which in turn reported it to the Senate with recommendations.

And then came the most astounding action! Following the leadership of Senator McKELLAR, of Tennessee, a majority of the Senate, without a moment's consideration of the report and recommendations of the committee, with no thought of the months of work and study given to the preparation of that bill, abruptly sent it back to the committee with the arbitrary order to reduce

it a flat 10 per cent below whatever sum it carried as it came over from the House.

The Department of State, Justice, Commerce, and Labor bill met the same fate.

And then came over to the Senate from the House the Treasury and Post Office appropriation bill carrying \$1,100,000,000, the largest of all the appropriation bills. It was referred to the subcommittee of which I am chairman. We determined it was a waste of time to report the bill based on the Budget recommendations if our work was to be cut as had been the other bills. We therefore sought instructions from the Senate in advance. Some of us took the floor and endeavored to convince our colleagues of the folly of such a method of working out the Government finances. But we were defeated by a vote of 37 to 31. Our task then became one of cutting from the House appropriation bill \$110,000,000, whether we could do it sensibly or not.

We called before us Secretary of the Treasury Mills and Postmaster General Brown, "whose departments were affected by the proposed reductions," to get their views as to how we could best carry out the orders of the Senate. After hearing these two Cabinet officers I have become convinced it can not be done unless vital activities of the Government, such as the mail service, collection of customs, and income taxes, etc., are to be crippled or entirely paralyzed. It is my conclusion that this method of managing our Government's finances is not such as the people of this country expect us to use, and I have determined to ask the Senate to reconsider its order. I believe our responsibilities as legislators are too great to permit this appropriation bill committed to our care to be torn down by unthinking, unreasonable hysteria.

Let me remind you that when the Senate first proposed a 10 per cent cut in the Treasury-Post Office bill, the Secretary of the Treasury informed our committee that if such a cut was made it would mean the indefinite postponement of construction of between 250 and 300 public buildings authorized by the last Congress, some in every State. This information spread over the country. Senators began to hear from home. Interested labor that had looked forward to work on these buildings protested against having these vast contracts withdrawn from the market. So the Senate revised its instructions, and our committee was told to apply the 10 per cent cut to all appropriations save that for public buildings.

That you may better understand the problem that now confronts our committee and the Senate, let me cite a few illustrations of what necessarily will happen if the Senate's order stands—for the Senate still insists on cutting 10 per cent out of the remaining \$146,000,000 in the Treasury Department bill. This cut, amounting to over \$14,000,000, must be borne by the various bureaus of the Treasury Department which include the Bureau of Internal Revenue. Secretary Mills informed us that this cut could be made only by the wholesale dismissal of deputy collectors and internal-revenue agents in every State and district. Measured by past efficiency, he demonstrated that through the dismissal of this army of tax experts the Government would lose not less than \$95,000,000 in income taxes.

Our committee can not see the economy of saving \$14,000,000 if such a saving means the ultimate loss of \$95,000,000. But such is one of the consequences of this blind 10 per cent order.

No branch of the Government service is closer to the people than the Post Office. It serves every city, town, and hamlet; it reaches into the most remote rural districts. The most costly of all departments, because its benefits are the most widespread, the Post Office Department, has on its pay roll the major portion of all Government employees.

As the Post Office bill came from the House it carried \$805,500,000. A 10 per cent cut would be more than \$80,000,000. Seventy-one per cent of the Post Office appropriation goes for the payment of salaries and wages. The Postmaster General informs us that the proposed reduction in the Post Office appropriation would compel him to take from the Government pay rolls and add to the list of unemployed no less than 40,000 letter carriers, mail clerks, rural carriers, and other handlers of the mail. Every State, every city, every rural community would feel the effects.

To-day the business man in the large city is accustomed to having four deliveries of mail a day at his office. Under the 10 per cent cut ordered by a majority of the Senate the Postmaster General has told the committee that the business man will have to be content with only two deliveries daily, and where the mails are delivered twice daily in residential districts of the large cities, the Senate order, if persisted in, would mean but a single delivery daily. In the smaller towns and villages that have grown proud of their carrier delivery there must be a step back; the villager would be obliged, as in past ages, to go to the post office for his mail, for Senate economy would mean the discharge of every village carrier, and the village carrier would find himself jobless.

And in the rural districts the effects would be even more disastrous. In those regions where rural free delivery has been built up to a daily service; where the farmer gets his "city paper" almost as promptly as the city reader, carrier service must of necessity be cut to triweekly. Nine thousand rural-delivery routes would be so affected, to say nothing of 8,000 additional rural routes that would have to be consolidated, two into one, which would mean not only a slowing down of deliveries but the discharge of 4,000 rural carriers.

Secretary Mills tells us that if the Customs Service must take its 10 per cent cut, he must close every port of entry in the inland States and must close the majority of ports along our coasts and

borders, or consolidate the smaller with the larger ports. Each office closed and each consolidation means dispensing with the services of experienced men and women trained in the collection of Federal revenue; it means the discharge of clerks and other employees. Each office closed affords just one more loophole through which may be smuggled drugs and narcotics and one more loophole through which may be smuggled cheap alien labor to compete with American labor.

No arbitrary cut made by the Senate since it went on its economy spree more clearly demonstrates the unwisdom of percentage slashes than the cut in the appropriation for Hoover Dam.

The Interior Department, in preparing its estimates, asked for \$12,000,000 to carry on work on this great dam enterprise for the next fiscal year. The Budget, looking for opportunities to save, reduced this figure to \$10,000,000, and when the bill was presented to the Senate it carried only \$8,000,000, the figure the House approved. When the Senate ordered a 10 per cent slash in the Interior Department bill, Hoover Dam took a 20 per cent cut, and as the bill went to the President it carried \$6,000,000, just half the amount held necessary by the department to continue work at the pace set by the contractor. Five million dollars in interest per year will be lost if the work is delayed. The cut in this appropriation, if allowed to stand, necessarily will slow down progress on the work; it will mean dismissal of half the 4,000 men now employed there from every State in the Union, 40 per cent of whom are ex-service men, and, like every other arbitrary economy forced by the Senate, will add to the army of the unemployed.

Last year the aggregate appropriation for the Treasury and Post Office Departments was \$1,104,586,000. This year this was reduced by the Budget Bureau to \$1,082,575,000, and the House of Representatives made further reductions, bringing the total down to \$1,059,898,563. In other words, if the Senate should accept the House bill as it stands, the appropriations carried by the Treasury-Post Office bill would be \$44,688,327 below what was appropriated a year ago.

Out of the large number of striking illustrations that might be given I have selected a few which should convince the American people that these indiscriminate 10 per cent cuts in the appropriation bills are unwise and uneconomic in the extreme, and will result in irreparable damage to the American people and to American industry generally. The conscientious effort of the Senate to curtail governmental expenditures in the midst of this period of depression has on later investigation been shown to be a most damaging and costly experiment. I feel confident that on further study the Senate will desire to reconsider this matter and rescind its action. American industry, with that in other parts of the world, is suffering from economic distress. There is much destructive pessimism in the air. Our people have been affected by it almost to the point of hysteria. This period of depression will end. We should enact constructive legislation that will encourage our people, relieve this period of distress in so far as possible, and expedite the return to normal prosperity. We have heard too much of this destructive pessimism. Let us start now to instill into the economic thought of our country a new spirit of constructive optimism and start the wheels of industry turning again.

Mr. VANDENBERG. Mr. President, I want to offer a casual observation, supplementing the remarks of the able Senator from Nevada. I cordially agree with him that it would be unconscionable for any general disruption of the Federal service to be precipitated at this time by a wholesale dismissal of Federal employees in any branch of the public service, but, Mr. President, it seems to me that, sooner or later, we must frankly confront the question whether or not the Federal personnel must not make a fair contribution to a temporary answer to our difficulties. The best way to assure that it is fair is to discuss it as a reality and avoid arbitrary extremes. This is what I have in mind, bearing upon the proposition that sooner or later some reasonable formula must be discovered.

In one issue of one newspaper from my home State of Michigan to-day I find several illuminating news articles. I find one from the State capital indicating that the entire State personnel in Michigan has undergone a 10 to 15 per cent salary cut. I find that the entire teaching staff of the public schools of Grand Rapids has met in a spirit of high service and voluntarily proposed, on its own behalf, the acceptance of a temporary 15 per cent cut in compensation for the current year. I find that, after the city manager of Grand Rapids called together the other civic employees of that municipality and made a presentation to them of the condition in which the municipal treasury finds itself, they, patriotically and with a fervor suggestive of the old-time war devotion, agreed voluntarily to accept a certain degree of temporary contributory cut in this emergency. I might add that another newspaper clipping of the same day indicates that in the city of Detroit municipal employees are soon to receive their first pay checks since April 1, and that there is serious discussion of a temporary 50 per cent reduc-

tion of pay checks during the months of May and June, or a 100 per cent reduction in June. I take it that these conditions in the public service are typical across the country.

It seems to me if that is the tax situation in the State of Michigan, which is one of the largest taxpayers to the Federal Government, it is unavoidably necessary, sooner or later, for us frankly to inquire whether the Federal employee is the only governmental employee in the United States who shall be completely immune to all types of temporary contribution in working out this situation. I think the Federal employees are just as patriotic as are the State employees and the municipal employees. I think that all in the world they want to protect themselves against is inequity and unfairness, prejudice, and discrimination in the treatment which they receive. They ought to be protected upon all of these scores. None of their hard-earned rights should be permanently jeopardized. But, sooner or later, if the Government is going frankly to confront the personnel situation, it must face it in some such terms as are now pending in various forms before the House of Representatives in connection with the so-called economy program bill. Some method must be provided by which some legitimate degree of relief shall be contributed by every factor involved in the Federal situation; and we may as well realize that sooner or later this must be done. It is bitter business; but it is less bitter if done on a reasonable scale which does not precipitate additional wholesale unemployment.

Let my position be wholly plain. I believe in the maintenance of wages. I believe in the maintenance of jobs. I am not discussing a raid on either. I oppose such raids. I am speaking only of what temporary readjustments may be necessary in connection with these public expenditures. I am saying that these readjustments are no more to be wholly avoided in the Federal service than in State and municipal services. Therefore I am suggesting that we all, including the Federal employees themselves, should face these realities in a candid study of what may be best for all concerned, so that whatever temporary readjustments may occur shall not spell wide and needless disaster. I am agreeing that there should be no arbitrary and unreasoning action. I am saying that the best way to defeat this latter hazard will be to have in hand a rational formula. Instead of intrenching in extreme positions at either end of the equation, our need is for quest of a meeting of minds upon middle ground.

Mr. ODDIE. Mr. President, I believe that we are facing this problem in the wrong manner. Distress is over the country; unemployment is widespread; the wheels of industry have been slowed down. We want the wheels of industry to start turning again. I believe that if the Government shall insist on the cutting down of governmental activities and the wholesale discharge of employees and the cutting of Government wages and salaries, it will have a discouraging and damaging effect on industries generally throughout the country. I do not think we should do it. We should not set such an example.

Mr. President, we are robbing the foundation of our governmental structure to add to the superstructure. I do not think it is the right thing to do; I think we should take the opposite view. The wheels of industry will start again in this country with a little optimism and encouragement here and there. One of the first cities to feel the benefits of an improvement in conditions will be Detroit, in the great State of Michigan, which is, to a very large extent, the home of the automobile industry.

I for one will continue to preach optimism and to decry Federal cuts in pay and the discharge of Federal employees. I think the example of such action will be damaging and wrong, and I hope—and feel confident—that we can get through without it.

NAVAL BUILDING PROGRAM

The PRESIDING OFFICER. The question is on the motion of the Senator from Maine that the Senate proceed to the consideration of Senate bill No. 51.

Mr. BLAINE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll. The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Cutting	Kean	Schall
Austin	Dale	Kendrick	Sheppard
Bankhead	Davis	Keyes	Shipstead
Barbour	Dickinson	King	Shortridge
Bingham	Dill	La Follette	Smith
Black	Fess	Lewis	Snoot
Blaine	Fletcher	Logan	Steinwer
Borah	Frazier	Long	Stephens
Bratton	George	McGill	Thomas, Idaho
Broussard	Glass	McKellar	Thomas, Okla.
Bulkley	Glenn	McNary	Townsend
Bulow	Goldsborough	Metcalf	Trammell
Byrnes	Gore	Moses	Tydings
Capper	Hale	Neely	Vandenberg
Caraway	Harrison	Norris	Wagner
Carey	Hatfield	Nye	Walcott
Cohen	Hawes	Oddie	Walsh, Mass.
Connally	Hayden	Patterson	Waterman
Coolidge	Howell	Pittman	Watson
Copeland	Hull	Reed	White
Costigan	Johnson	Robinson, Ark.	
Couzens	Jones	Robinson, Ind.	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Maine [Mr. HALE].

Mr. FRAZIER. Mr. President, Senate bill 51 is an important measure; and it seems to me it should not be voted on at this hour, when there is such a small attendance. The Chair has just announced that there are 86 Senators present, but it will be observed that very few of them remained in the Chamber after answering to their names. I think I can speak until 5 o'clock, or a little later, if necessary, but I am not particular about doing it. I should like to see a vote on this question go over until to-morrow.

Mr. McNARY. Mr. President, I think the Senator had better go forward with his statement until 5 o'clock. At that hour we will determine whether we will stay in session longer or take a recess.

Mr. FRAZIER. Mr. President, Senate bill 51 is an authorization bill. It is rather indefinite. No one seems to know just what it means. It may mean the ultimate expenditure of anywhere from about \$100,000,000 to \$2,000,000,000, according to the chairman of the Naval Affairs Committee.

During recent months, and, in fact, for several years, a great deal has been said about disarmament, about cutting down naval armaments, about cutting down naval expenditures and Army expenditures. At the League of Nations meeting last September this disarmament proposition was discussed and an urgent appeal was made to bring about at least one year of truce in the building of armaments. That proposition was put up to the various nations. President Hoover, of the United States, was one of the first to accept the proposition of an armament truce. It is claimed that by the 16th of last November some 50 nations had agreed upon the truce. They agreed to refrain from any measures involving an increase in their armaments.

While Senate bill 51 carries no direct appropriation, and probably no appropriation will be asked for this year, I submit that it is a measure involving an increase in armaments. I believe it is contrary to the truce that has been agreed upon by the great nations of the world. It is contrary to the sentiments of the United States as they have been expressed at the various armament conferences.

It seems to me this is a mighty poor time to ask for the passage of a measure of this kind, authorizing appropriations for building a pair of battleships, when at the present time we have our delegates at a world conference looking toward disarmament. I am at a loss to know whether Senate bill 51 means what it says or whether it is just a bluff to try to demonstrate to the world, and particularly to the disarmament conference meeting across the Atlantic at this time, that we really do not want disarmament; that we want to keep up our present naval force and, if anything, to increase it. Certainly, if we meant what we have said in the past, we should not pass at this time a measure like Senate bill 51.

The chairman of the Naval Affairs Committee stated, as I remember, that there are about 200 vessels in the United States Navy at the present time; that their life is 20 years; and that we should keep repairing and building all the time in order to keep up our allotment under the London treaty. It will take about \$100,000,000 per year for 20 years, or \$2,000,000,000 for the total of 20 years, the life of a battleship.

I do not believe that an expenditure of that kind can be justified. With many million men out of employment, with farmers throughout the United States either broke or going broke, with business men, bankers, and other business interests either broke or going broke, I can not for the life of me see how the Senate or the Congress of the United States can justify a favorable vote upon Senate bill 51.

Mr. President, the condition of the American farmer has been going from bad to worse since 1920, when the deflation was brought on by the Federal Reserve Board, which may be termed a semi-Government organization or institution. The farmers were the first to be hit by the deflation. Both the values of their land and the prices of their farm products went down until they were deflated by billions of dollars. As I say, their condition has been going from bad to worse during all the years since 1920.

The purchasing power of the farmer has been lost. In fact, at the present time the average farmer of the United States has no purchasing power; he has no money with which to buy even the necessities of life.

Mr. LEWIS. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. LEWIS. Knowing that the Senator from North Dakota has been a constant advocate of the interests of the farmer, and is one looking to the protection of agriculture, I ask the Senator whether he will explain to me, or tell me where I can get the benefit of the information, in what way the Federal Reserve Board acted by which he feels it operated against the farmer, and what was the manner of its operation, that I really may learn it from him? I would like to know what it was they did, and how they operated against the farmer, to produce the effect the learned Senator seems to feel their action has had.

Mr. FRAZIER. Back in 1920 it seemed to be the general attitude of the business interests throughout the Nation that there was too large a circulation of money, that there was too much inflation, so called. Inasmuch as the Federal Reserve Board regulated the amount of currency and the credit of the United States, they were called upon, apparently, to reduce the inflation, and a secret meeting was held by the Federal Reserve Board, I think in May, 1920, and certain actions of the Federal Reserve Board were not made known to the public, among which was an agreement to start in on a deflation program, calling in the loans which had been made, and especially the farm loans.

Some of the big institutions of the country apparently got wind of this proposed deflation. I believe one of the great institutions of the city of Chicago, in the State which the Senator represents, was one to take advantage of that advance information, and floated bonds, as I recall, at 8 per cent for some of the packing companies, so that they might have a supply of money on hand sufficient to enable them to carry on their business, even though it cost them 8 per cent, in order to carry them over what was supposed to be coming, this deflation which was to be started soon after that by the action of the Federal Reserve Board.

The Federal Reserve Board did call in loans. In my State, which is almost purely an agricultural State, farm loans were called. It was impossible for farmers to pay their loans, at least to pay them in full. The bankers insisted that they must have the money, or that they would start foreclosure proceedings, because the little banker in North Dakota was pressed by the larger banker in Minneapolis, and St. Paul, and Chicago, and on farther east, and the members of the Federal reserve system were pressed by the Federal reserve banks with which they were connected. So the deflation started.

The result was that the prices of land went down, the prices of farm products went down, and from 1920 to this day the farmer has never known prosperity in the United States.

Mr. SHIPSTEAD. Mr. President, will the Senator yield to me?

Mr. FRAZIER. I yield.

Mr. SHIPSTEAD. I may say to the Senator from Illinois that out of the crop of 1920, Senators will recall that the market for farm products broke in the fall of 1920 and in the year 1921. Information was given to the country that farm prices broke because of a lack of a market, because of overproduction, and because of a lack of exports. But if Senators will look into the report of the Department of Commerce on agricultural exports they will find that, of the 18 major agricultural products, we exported more out of that crop of 1920 than we had ever done in the history of the United States, even during the war. We never had such a market. The calling of loans forced dumping by farmers of agricultural products on the market, and broke the prices.

If anyone got any benefit out of that, it must have been the taxpayers of Europe, who were able to buy food cheaper than they would have been able to buy it if that action by the Federal Reserve Board and the member banks had not been taken. It has been suggested that that was done in order to give Europe food so cheap that after they had bought food they would have something left to pay the interest on loans which they owed here. Certainly the result of the action was to break the agricultural communities of the United States, a condition from which they never to this day have recovered. Even during the so-called period of paper prosperity, up until 1929, agriculture kept losing its income, until by 1929 it had lost 40 per cent of the income it had in 1920. That is the information given in the reports of the Agricultural Department and of the Department of Commerce.

Mr. FRAZIER. Mr. President, I thank the Senator for his remarks.

The deflation, which started in 1920, brought down the prices of farm products, and at the present time, in fact, during the past couple of years, the farmers have been selling their products, practically every product they produce, at prices below the cost of production. No business can succeed under such a system. It makes no difference whether it is agriculture, the International Harvester Co., or the banking business, or any other industry or business, it can not succeed when selling its products at prices below the cost of production.

That is one trouble with our Post Office Department. The discussion this afternoon brought out the fact that some twenty-five or thirty million dollars has been given to the shipping interests, practically amounting to subsidies, and charged to the deficit of the Post Office Department. Of course, the Post Office Department can not make a fair showing under a situation of that kind. If the United States Congress wants to give a subsidy to the shipping interests, all well and good; let them do it as a subsidy and not pass the buck to the Post Office Department.

Mr. FLETCHER. Mr. President, will the Senator yield?

Mr. FRAZIER. I yield.

Mr. FLETCHER. My understanding is that the Post Office Department keeps that account with reference to foreign mail contracts and subventions separate from the other expenditures of the department. I do not think that item enters into the question of the deficit, because they keep that separate from the ordinary expenditures of the department.

Mr. FRAZIER. Mr. President, does not the amount that is lost in these contracts enter into the deficit?

Mr. FLETCHER. It does not. That is kept entirely separate from the ordinary expenses of the department, I think. Of course, it shows on the books, but it is separate from the other expenditures.

Mr. FRAZIER. I can not see how they can possibly keep it from showing in the deficit of the Post Office Department.

Mr. FLETCHER. I think it should not figure in the deficit charged against the Post Office receipts and expenditures as a Post Office Department. It is shown, it appears, but it does not enter into what they call their deficit, I think.

Mr. McNARY. Mr. President, will the Senator from North Dakota yield so that we may have an executive session?

Mr. FRAZIER. I yield.

EXECUTIVE SESSION

Mr. McNARY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER (Mr. Fess in the chair) laid before the Senate messages from the President of the United States submitting a nomination in the Diplomatic and Foreign Service and an international protocol, which were referred to the Committee on Foreign Relations.

(For nomination this day received, see the end of Senate proceedings.)

REPORT OF THE POST OFFICE COMMITTEE

Mr. ODDIE, from the Committee on Post Offices and Post Roads, reported favorably sundry nominations of postmasters, which were placed on the Executive Calendar.

TREATIES

The Chief Clerk proceeded to read Executive F (72d Cong., 1st sess.), a treaty of establishment and sojourn with Turkey.

Mr. McNARY. Mr. President, the chairman of the Committee on Foreign Relations, the Senator from Idaho [Mr. BORAH], is absent for the moment, and I ask that the treaty may be temporarily passed over.

The PRESIDING OFFICER. The treaty will be passed over.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

IN THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Navy.

The PRESIDING OFFICER. Without objection, the nominations are confirmed en bloc.

IN THE MARINE CORPS

The Chief Clerk proceeded to read sundry nominations in the Marine Corps.

The PRESIDING OFFICER. Without objection, the nominations in the Marine Corps are confirmed en bloc.

Mr. McNARY. Mr. President, a few days ago when the treaty with Turkey was reached, the junior Senator from Utah [Mr. KING] said he wanted to be present when that matter was acted upon, and the Senator from Idaho agreed that the matter might go over. In the absence of both those Senators, I ask that the Senate resume legislative session.

The Senate resumed legislative session.

INVESTMENTS IN FLORIDA REAL ESTATE

Mr. TRAMMELL. Mr. President, in the issue of April 29 of the Herald, of South Jacksonville, Fla., appears a very interesting editorial by Judge John W. Dodge touching upon the stock-exchange manipulations and suggesting the wisdom of investing in Florida real estate. I ask that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, and it is as follows:

THE HITOPADESA

By Judge John W. Dodge

FORTITUDE IN DISASTER

This striking sentence, most needed in our present condition of affairs, I recently read in the Hitopadesa of India, as one of the wisdom words of the book of good counsel:

"In disaster, dismay is a coward's quality; let us rather rely on fortitude, and devise some remedy."

What we need most of all at present is men of fortitude. There are facts which startle and dismay us. Rich we thought we were yesterday; poor we think we are to-day.

America bought listed Wall Street stocks in 1929 at fabulous prices. A recent circular of a reputable stock and bond house of New York recently said:

"The following companies which paid not less than \$5 annual rate in 1929 (as indicated in each case) now pay nothing: American Car & Foundry (\$6); American Locomotive (\$8); Anaconda (\$7); Baltimore & Ohio (\$7); Bethlehem Steel (\$6); J. I. Case (\$6); Chicago & North Western (\$5); Chicago, Rock Island & Pacific (\$7); Chile Copper (\$5); Illinois Central (\$7); International Silver (\$8); Kansas City Southern (\$5); Kennecott Copper (\$5); National Supply (\$7); National Surety (\$5); New York Central (\$8); New York, Chicago & St. Louis (\$6); New York, New Haven & Hartford (\$6); Pere Marquette (\$8); Porto Rican-American Tobacco "A" (\$7); Prairie Pipe (\$5); Real Silk Hosiery (\$5); St. Louis & San Francisco (\$8); Southern Pacific (\$6); Southern Railway (\$8); Standard Investing (\$6); United States Industrial Alcohol (\$6); United States Realty & Improvement (\$5); Utah Copper (\$15); Warren Bros. (\$9); and Youngstown Sheet & Tube (\$5)."

They further said: "If any moral is to be drawn from these data, it is the wisdom of investing 'close to the property.'"

Disaster has dismayed those who purchased such Wall Street stocks.

A smart man knows when to take a profit, but he is indeed a much smarter man who has the fortitude and bravery to take a loss, to forget it, and to profit by past experience.

The remedy to repair losses is to invest "close to the property"—to know what you are buying; to see the thing bought; to own it yourself. Relying upon others who have proven false in their opinions and judgments of value, who advised Wall Street manipulated stocks and bonds, is inviting further disaster.

Florida real-estate values are now low, sound, and have never declined as have Wall Street stocks and bonds. Put your money where you control it—not where others manipulate your investment. Exercise intelligent fortitude in disaster.

REPORT OF THE FEDERAL FARM LOAN BOARD

The PRESIDING OFFICER laid before the Senate a letter from the Secretary of the Treasury, transmitting the fifteenth annual report of the Federal Farm Loan Board, covering operations during the calendar year 1931, which, with the accompanying report and data, was referred to the Committee on Banking and Currency.

DEPRECIATION OF FOREIGN-CURRENCY VALUES (S. DOC. NO. 90)

The PRESIDING OFFICER laid before the Senate a letter from the Acting Chairman of the United States Tariff Commission, transmitting, in partial response to Senate Resolution 156, certain preliminary data for immediate use of the Senate in relation to depreciated currencies and international trade thereunder, which, with the accompanying papers, was referred to the Committee on Finance and ordered to be printed.

RECESS

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

The motion was agreed to; and (at 4 o'clock and 57 minutes p. m.) the Senate took a recess until to-morrow, Tuesday, May 3, 1932, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate May 2 (legislative day of April 29), 1932

SECRETARY IN THE DIPLOMATIC SERVICE

Erle R. Dickover, of California, now a Foreign Service officer of class 3 and a consul, to be also a secretary in the Diplomatic Service of the United States of America.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 2 (legislative day of April 29), 1932

PROMOTIONS IN THE NAVY

To be captain

Robert A. White.

To be commanders

Carleton H. Wright.

Herman E. Fischer.

Thomas L. Gatch.

To be lieutenant commanders

Cyril T. Simard.
Henry A. Stuart.

To be lieutenants

Kenneth P. Hartman.
Murr E. Arnold.
Claude F. Sullivan.
Robert R. Buck.
David E. Roth.
William G. Pogue.

To be lieutenants (junior grade)

Robert W. Wood.
William D. Thomas.

To be paymaster

John N. Harriman.

To be passed assistant paymaster

Reed T. Roberts.

MARINE CORPS

To be majors

Leo D. Hermle.
Lemuel C. Shepherd, jr.

To be captains

Harry E. Leland.
William E. Quaster.

To be first lieutenants

Frank P. Pyzick.
Roy M. Gulick.
Charles G. Wadbrook.

POSTMASTERS

ARKANSAS

Ernest R. Wynn, Bald Knob.

UTAH

Boyd J. Barnard, Bingham Canyon.
Mattie S. Larsen, Castle Dale.
Harris B. Simonsen, Helper.
William S. Anderson, Moroni.
Hans P. Ipson, Panguitch.
John O. Anderson, Salina.

WASHINGTON

Roy E. Edwards, Ritzville.

WEST VIRGINIA

George E. Hurd, Richwood.

HOUSE OF REPRESENTATIVES

MONDAY, MAY 2, 1932

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, Thou hast always had witnesses among the children of men and Thou wilt be with them unto the end. We praise Thee that through all the long, weary centuries they have not been left alone. O come in fuller measure into the lives that Thou hast created and make us a greater reflection of Thy reason and wisdom. We need Thy guidance along the road in which Thou art the way, the truth, and the life. Our Father and our God, enable us to more thoroughly realize that the way problems are settled here is the way they will be debated on the stage of the whole world. Guard and direct us in our conclusions. Deliver us from serious misunderstandings and from every limitation that gropes and let us all make room for self-sacrifice and most earnest cooperation. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of Saturday, April 30, 1932, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed, with amend-

ments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 9349. An act making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1933, and for other purposes.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 4313. An act to prevent the successive disagreement of two juries, impeded to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody.

PART PLAYED BY THE HOUSE OF REPRESENTATIVES IN TREATY MAKING

Mr. LINTHICUM. Mr. Speaker, I ask unanimous consent to extend my remarks by printing a speech I delivered before the American Society of International Law Saturday evening last on the part played by the House in treaty making.

The SPEAKER. Is there objection?

There was no objection.

Mr. LINTHICUM. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by myself at the annual dinner of the American Society of International Law, Saturday, April 30, 1932:

Ladies and gentlemen of the American Society of International Law, in accepting your invitation to address you this evening on the subject of the share of the Committee on Foreign Affairs of the House of Representatives in the treaty-making power of the Government of the United States, I find it necessary at once to go back to fundamental law as the basis for discussion.

You recall, of course, the constitutional¹ provision that the President "shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur"; also² that the "Constitution, and the laws of the United States which shall be made in pursuance thereof, and all treaties made, or which shall be made, under the authority of the United States, shall be the supreme law of the land."

A cursory reading of the Constitution may seem to indicate that the House of Representatives has no share in the process of making treaties for the United States. The actual working of government, however, is but faintly foreshadowed by the letter of the Constitution, and the ramifications of treaties are many and intricate. The inseparable relation between treaties and constitutionally specified functions of the House of Representatives quickly become evident.

In actual practice, accordingly, the influence of the House of Representatives in the matter of maintaining international relations through treaties has always been one of real significance. It has also been one of increasing significance—doubtless due, in the first place, to the ever-increasing extent and complexity of that part of the law of our land which is comprised of treaties and perhaps, also, not unconnected with the fact that democracy has grown apace in this country and that the House of Representatives is the principal exponent of democracy in the governmental system of the United States.

The Committee on Foreign Affairs is, of course, merely the principal agency of the House of Representatives in dealing with treaty questions. A discussion of its influence upon treaty making is consequently not to be differentiated from a discussion of the influence of the House itself. I should not, however, overlook the fact that this influence of the House actually results in part from functions and activities that it exercises through other committees; though, of course, questions that obviously and patently pertain to treaties are referred to the Committee on Foreign Affairs.

In undertaking to recount some of the more important of the functions of the House of Representatives which affect treaty making, there should be mentioned first the immense importance of absolute good faith on its part in order that the provisions of treaties may be given force and effect. It is common for treaties to provide for the payment of money. Under the practice of our Government,³ the Secretary of the Treasury pays out money only when authorized to do so by statute law enacted by Congress. Accordingly, in order to give effect to this kind, as to certain other classes of treaties, the Congress, including the House of Representatives, passes acts or joint resolutions.

I am happy to say that, so far as I have ever heard, there has been no instance in which the House of Representatives has failed to take action when such action was necessary in order to fulfill the treaty obligations of the country.

In addition to the positive activity of the House thus exercised in order to give effect to certain treaties, it is essential that the

¹ Art. II, sec. 2, second paragraph.

² Art. VI, second paragraph.

³ In this connection, note Constitution Art. I, sec. 9, seventh paragraph, "No money shall be drawn from the Treasury but in consequence of appropriations made by law."

House refrain from the passage of legislation that may be in conflict with the obligations of treaties. The Constitution, in one of the passages quoted above, lays down the rule that statutes and treaties, duly enacted or entered into, are equally the supreme law of the land. Accordingly, the Supreme Court⁴ has held that in the event of conflict the later in date, whether statute or treaty, shall prevail.

I am sorry to say that the record of the House of Representatives in this matter is less perfect than in the case of the passage of necessary legislation, for there have been occasional instances, the result usually, I dare say, of inadvertency, in which the House has joined the Senate in passing legislation which has forced the administrative officers of the Government to violate the solemn obligations, and consequently the honor, of their country.

In both cases the influence of the House of Representatives and its sense of national honor may and do have a very great influence upon the actual practice of making and maintaining the treaties of the United States.

In view of the constitutional provision⁵ that revenue legislation shall originate in the House of Representatives, a curious, and I think erroneous, doctrine, but one that is the subject of persistent and tenacious belief on the part of its advocates, exists to the effect that any treaty which may deal with the revenue of the country shall not be operative until it has been confirmed by statute in the passage of which the House of Representatives shall join. Accordingly, when, in 1832, a treaty entered into force with France⁶ containing provisions for reciprocal reductions in tariffs, the Congress took action,⁷ somewhat belatedly, indeed, in order that statutory law should conform to the treaty provisions. Later reciprocity treaties of 1854 with Canada, of 1875 with Hawaii, and of 1902 with Cuba, specifically provided that they should not be binding until legislation had been enacted by Congress in confirmation of their provisions regulating tariff duties.⁸

Occasionally Congress has passed legislation specifically purporting to terminate treaties or portions of treaties. Thus the House of Representatives has taken part in what amounted, in a negative way, to treaty amendment, which amendment has not been the subject of the advice and consent of the Senate, two-thirds of those present concurring. For instance, in order to pave the way to reduce tariffs and eventually to the free entry of sugar into the United States, the tariff act of 1913 undertook to abrogate a portion of the reciprocity treaty with Cuba.⁹

A more important and interesting practice that has grown up, however, is that of authorizing the President by means of a statute, passed in the ordinary way by the two Houses of Congress, to enter into agreements with other countries, which agreements are not submitted to the Senate as are treaties. Nevertheless these Executive agreements, from the point of view of international law and international obligations, are precisely the same as treaties, though different in name and in the fact that they are usually, though not always, confined to matters of economic or technical relations.

In 1872¹⁰ the Congress passed an act authorizing the Postmaster General, subject to ratification by the President, to enter into agreements for the purpose of maintaining the international postal service. Under this provision of law the United States has, without submission to the Senate, become party not only to numerous bipartite agreements with other countries, but to the successive revisions of the general convention of the Universal Postal Union, which is among the most important of the great multipartite treaties that have enriched international legislation during the last two or three generations. The Universal Postal Union, by the way, is one of the oldest of the numerous leagues of nations now existing in the world, to a dozen or more of which the United States belongs. We entered the postal league of nations by action of the President, authorized by ordinary majorities in Congress, not by a vote of two-thirds of the Senate.

An even more striking instance of international agreement authorized by Congress is the manner of handling the intergovernmental debts which grew out of the World War. The international agreements under which beginnings have been made toward the discharge of these debts have been entered into and confirmed under action by the two Houses of Congress, completely ignoring the rule of treaty making with the consent of two-thirds of the Senate.¹¹

The tariff acts of 1890 and 1897 authorized the President to enter into agreements affecting tariff rates, and consequently the revenue. Numerous such agreements were entered into and were

put into force without submission to the Senate. The bill¹² introduced into the House of Representatives this year by Representative Collier, which was the basis of the tariff bill eventually passed by the House of Representatives, authorized the President to enter into reciprocal agreements and made no mention of submission to the Senate.

In order to escape the possible question whether a treaty which amends on a large scale statutory enactments is, in constitutional law, self-executing, as well as to avoid the policy of amending statutes by treaty, the practice has developed for the President, if he proposes that the United States shall become party to multipartite or other conventions that are out of accord with existing statutes, to undertake to have the statute law made consistent prior to participation in the treaties.

An excellent case in point is the international convention for the protection of literary and artistic works. The President has transmitted this convention to the Senate, but only subsequent to the passage by the House of Representatives of a bill¹³ designed to amend the copyright law so as to make it conform with the treaty. The Committee on Foreign Relations of the Senate, acting under the advice of the Department of State, in favorably reporting the treaty, instructed its chairman not to bring it before the Senate until after the pending legislation had passed.

In these instances the influence and importance of the House of Representatives in treaty making becomes increasingly apparent.

Perhaps, however, the most notable instances of what, to all intents and purposes, was treaty making shared in by the House of Representatives have occurred in cases where results ordinarily accomplished by treaty were done by act or joint resolution in order deliberately to avoid the stipulation of the Constitution that the Senate shall proceed in such matters by a two-thirds vote.

Thus, in 1845, after the Senate had failed to give its assent to a treaty concluded with Texas for its annexation to the United States, Congress adopted joint resolutions declaring that it consented "that the territory properly included within, and rightfully belonging to, the Republic of Texas" might be erected into a new State, and admitting that State into the Union.¹⁴ The Senate majority in favor of annexation was far less than two-thirds.

In 1911 a somewhat similar instance occurred when President Taft arranged with the Canadian authorities for the reciprocal reduction of tariff duties so soon as the legislatures of each country should have passed concurring legislation. The Congress of the United States passed such an act,¹⁵ and what would to all intents and purposes have been a reciprocity treaty failed only because of the adverse attitude of the Canadian Parliament.

After the failure of the treaty of Versailles in the Senate, moreover, the Congress undertook to terminate the state of war between the United States and Germany and Austria by means of a joint resolution,¹⁶ which resolution was afterwards recognized in the treaties of peace¹⁷ entered into with those two countries.

The fact that Congress enacted this legislation suggests pertinently the belief of many that the provisions of the Constitution requiring two-thirds of the Senate to pass affirmatively on a treaty should be abrogated and a provision inserted that treaties may be enacted by a majority vote in the two Houses of Congress in the same way that statutes are enacted.

Moreover, in view of the fact that, regardless of legislation in conflict with treaties or failure to pass legislation necessary to fulfill the obligations of treaties, international law recognizes the treaties as unimpaired, which rule of international law was clearly stated by a former President and later Chief Justice of the United States in a recent arbitration case,¹⁸ it would seem to be desirable to provide in the Constitution that legislation in conflict with the solemn obligations of the United States expressed in treaties should be null and void.

That the two-thirds rule is out of date is persuasively shown by the fact that with the multiplicity and variety of senatorial constituencies it is not only now possible for a very small minority, representing far fewer than one-third of the people of the country, to prevent the ratification of treaties desired by the majority, but also for a minority, representing two-thirds of the States, the smaller ones, to consent to treaties that are opposed by the representatives of the majority of the people.

Dissatisfaction with minority rule in the matter of treaty making is, furthermore, doubtless in part the reason back of the growing practice of entering into international engagements by means of Executive agreements, quite regardless of legislative authorization.

In the early days the Executive was exceedingly chary of practices of this sort. President Monroe, indeed, after sanctioning the exchange of notes¹⁹ between his Acting Secretary of State, Benjamin Rush, and Charles Bagot, Minister of Great Britain, by means of which the two countries entered into the famous agreement limiting naval armaments on the Great Lakes, became uncertain as to the propriety of what he had done and submitted the agree-

⁴ Whitney v. Robertson (1888), 124 U. S. 190, 194.

⁵ Art. I, sec. 7.

⁶ Art. VII of treaty signed July 4, 1831; operative, on exchange of ratifications, Feb. 2, 1832.

⁷ Act of July 14, 1832, sec. 2, paragraph 23.

⁸ Treaty between the United States and Great Britain, signed June 5, 1854, ratifications exchanged Sept. 9, 1854, Articles III, V; act of Aug. 5, 1854. Treaty between the United States and Hawaii, signed Jan. 30, 1895, ratifications exchanged June 3, 1875, especially Article V; act of Aug. 15, 1876. Treaty between the United States and Cuba, signed Dec. 11, 1902, ratifications exchanged Mar. 31, 1903, especially Article XI; act of Dec. 17, 1903.

⁹ Act of Oct. 3, 1913, section 4, paragraph B, referring to proviso to Article VIII of treaty. The free-sugar provision of the act was, however, repealed before it became operative. Act of Apr. 27, 1916.

¹⁰ Act of June 8, 1872, sec. 167, see U. S. v. Eighteen Packages (1914), 222 Fed. 121.

¹¹ Act of Feb. 9, 1922, and various joint resolutions confirmatory of individual agreements (act of Feb. 14, 1929).

¹² H. R. 6662, 72d Cong., 1st sess.

¹³ H. R. 12549, Seventy-first Congress, third session.

¹⁴ Moore, International Law Digest, V, 778-779. Resolutions of Mar. 1 and Dec. 29, 1845.

¹⁵ Act of July 26, 1911.

¹⁶ Resolution of July 2, 1921.

¹⁷ Treaties of Aug. 25, 1921, and Aug. 24, 1921.

¹⁸ Taft, sole arbiter between Great Britain and Costa Rica, 1923 (American Journal of International Law, January, 1924, p. 160).

¹⁹ Signed April 28-29, 1817.

ment to the Senate²² for confirmation in the same manner as treaties. Of late years, however, Presidents have, without ever consulting the Senate, entered into numerous arrangements, some of them of the highest political importance, by Executive action merely.

The constitutional status of the executive agreement has never been defined. As the constitutional authority for carrying on international relations, the President doubtless has the power to enter into international contractual arrangements other than those intended to be covered by the word "treaty," a power presumably not unforeseen by the makers of the Constitution. The practice as it exists, however, is a questionable one, and could hardly be justified were it possible for the Executive, acting with ordinary majorities of the two Houses of Congress, to enact international agreements with at least as much certainty and dispatch as in the case of statutes.

Probably no case on record has shown the evils of minority dominance in the matter of treaty making so glaringly as has the handling of the protocol of the Permanent Court of International Justice.

This protocol was first submitted to the Senate by President Harding and Secretary Hughes in 1923. In 1925 the House of Representatives passed a resolution favoring the participation of the United States in the court. In 1926 the Senate approved the protocol, with reservations. Since that time the entire issue has become more and more clouded, and at present it is probably impossible for anyone to understand or define the situation, so far as the United States is concerned, vis-à-vis a treaty which is at once among the most vital for the promotion of peace and least binding in positive obligations that has ever been added to the world's international law.

For many years, there has been every reason to believe that the majority of the people of the United States, who have any opinion in the matter, approve the ratification by this country of the protocol of the World Court. The protocol of 1920, and the two subsequent protocols now also before the Senate, have not been ratified. It is an interesting fact in connection with them, however, that the only affirmative requirement on the part of the United States, should these protocols be ratified, in order to carry out their obligations, would be the annual payment of a small sum of money, certainly less than \$50,000.

Since this is the case, and since it is believed that a large majority of both Houses of Congress are in favor of the actual participation of the United States in the World Court, it is interesting to note that, as a practical matter, the United States can do so whenever these majorities are ready to go through the process of appropriating the amount of money involved.

While there appears to be agreement that the amount of the contribution of the United States may be determined by Congress, the appropriation actually made would certainly be not less than the largest contribution now made by a single country. The paralysis of senatorial procedure would seem to call for some action by Congress as a whole without waiting for the two-thirds senatorial majority. The court goes on with its work from year to year, and it has had throughout its life the collaboration of an eminent American as one of the judges. The American members of the Permanent Court of Arbitration now participate in the choice of judges of the World Court by nominating candidates for election. At the present time, without any action whatever by the United States, the court is open to the United States for the decision of any controversies that it may agree with other countries to refer to the court.

The United States has all the benefits of the court's existence, yet the entire expense of the court, even the salary of the American judge, is paid by the taxpayers of other lands. There is no reason whatever why we should not pay our share of the expense of an institution of which we have the benefit. Action to this end could and should be initiated by the House of Representatives. All that is required is that a small sum of money should be appropriated for the expenses of the court each year. We should, by paying it, be doing everything that we should be obliged to do if the protocols were ratified. Many precedents for such action exist in the frequent appropriations by Congress for the American share of the expenses of international institutions and of international conferences held in recent years at Geneva and elsewhere.

The President has undoubted authority, furthermore, to enter into negotiations to the end that, when judges of the court are being chosen, representatives of the United States may be present and vote, thus enabling the United States to exercise the privilege of taking part in the elections.

The final result is that by action of the Congress, apart from agreement by two-thirds of the Senate, the United States may practically—and this is a practical world—give its support just as effectively to the World Court, and, indeed, be essentially as much a part of the court as though the deadlock in the Senate had been broken and advice and consent to the ratification of the protocols without further reservation or amendment, had been granted.

Compared with precedents, this would be a fairly mild adventure in leadership by the House of Representatives in the field of international relations. I am convinced that the matter is one that ought to be considered by the American Society of International Law, just as I hope that it may soon be considered in Congress.

²² Consent given April 16, 1818.

Constitutional forms and conventions are never fixed and immutable. There has been a progressive development under the Constitution in the handling of international affairs by the two Houses of Congress, and the democratic trend in international affairs in the period since the World War makes it inevitable that this development shall continue in the future.

[Applause.]

POSTAGE RATES ON CERTAIN PUBLICATIONS

The SPEAKER. This is consent day and the Clerk will call the first bill on the Consent Calendar.

The first bill on the Consent Calendar was the bill (H. R. 6688) to fix the rates of postage on certain periodicals exceeding 8 ounces in weight.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object in order to inquire of any member of the Post Office Committee what kind of publications this bill would cover?

Mr. FOSS. Free-distribution publications having 25 per cent of reading matter.

Mr. LAGUARDIA. I call the attention of the House to the fact that these publications are under free distribution, and yet this provides for 75 per cent of advertising matter.

Mr. FOSS. It is practically all advertising.

Mr. LAGUARDIA. How could it be free distribution?

Mr. FOSS. It is free distribution by the publisher. There are no subscriptions; they are advertising matter; but it calls for 25 per cent of reading matter.

The SPEAKER. Is there objection?

Mr. FOSS. Mr. Speaker, this bill will bring a revenue of about \$100,000 a month. It simply provides for the extension of the 1-cent per 2-ounce rate beyond the 8 ounces to 1 pound. That is all there is in this bill.

Mr. LAGUARDIA. And if the periodical would take the lower rate on the fourth class, it can go fourth class?

Mr. FOSS. It can go fourth class now.

Mr. STAFFORD. Mr. Speaker, I reserve the right to object. Will the gentleman inform the House what the rate is on catalogues?

Mr. FOSS. I do not know anything about that. This does not apply to catalogues.

Mr. STAFFORD. I know it does not. Through the courtesy of the gentleman from Massachusetts, I was handed the manuscript copy of the hearings before the Post Office Committee on this bill, which I have examined. I notice one member of the committee has a rather pressing objection to it because it establishes a different rate for these advertising publications as distinguished from catalogues. I am not in sympathy with the amendment of the committee which proposes to prescribe the lower fourth-class rates where applicable. That is a suggestion of the committee. I have serious doubt as to the general policy of allowing these advertising publications to be sent all over the country at noncompensatory rates. I grant that they are compensatory if they are sent within the first few zones; but when you send these advertising sheets into the seventh and eighth zones, the rate is not compensatory. I shall withdraw my objection provided the gentleman withdraws the amendment of the committee, which has not the entire support of the department.

Mr. FOSS. The committee was unanimous in reporting the bill. I ask the chairman of the subcommittee if he has any objection to withdrawing the committee amendment?

Mr. HAINES. No; I have not.

Mr. FOSS. Then I have no objection to it.

Mr. STAFFORD. With that understanding, I withdraw the reservation of objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That publications weighing in excess of 8 ounces issued at regular intervals of twelve or more times a year, 25 per cent or more of whose pages are devoted to text or reading matter and not more than 75 per cent to advertising matter, which are circulated free or mainly free, may, upon authorization by the Post Office Department, under such regulations as the Postmaster General may prescribe, be accepted for mailing at the postage rate of 1 cent for each 2 ounces or fraction thereof, provided the copies of such publications are presented for mailing made up according to States, cities, and routes as directed by the Postmaster General.

With the following committee amendment:

Page 2, line 2, after the word "thereof," insert "except when the postage at the rates prescribed for fourth-class matter is lower, in which case the latter rates shall apply."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was rejected.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

AMENDING ACT RELATING TO STATES OF NORTH DAKOTA, SOUTH DAKOTA, MONTANA, AND WASHINGTON

The Clerk called the next bill on the Consent Calendar, S. 2396, to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have examined this bill rather carefully since it was on the calendar two weeks ago. I have no objection to section 1, but I have serious doubts as to the advisability of section 2. I note even the Secretary of the Interior questions the advisability of section 2 as reported by the committee. That is a committee amendment. If the gentleman wishes to have the bill passed as it passed the Senate, without section 2, I shall have no objection.

Mr. EVANS of Montana. Mr. Speaker, I will concede the withdrawal of section 2.

Mr. STAFFORD. With that understanding, I have no objection.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That section 11 of the act approved February 22, 1889 (25 Stat. 676), be, and the same is hereby, amended to read as follows:

"That all lands granted by this act shall be disposed of only at public sale after advertising—tilable lands capable of producing agricultural crops for not less than \$10 per acre and lands principally valuable for grazing purposes for not less than \$5 per acre. Any of the said lands may be exchanged for other lands of equal value and as near as may be of equal area in order to consolidate the holdings of the State.

"The said lands may be leased under such regulations as the legislature may prescribe; but leases for grazing and agricultural purposes shall not be for a term longer than 5 years; mineral leases, including leases for exploration for oil and gas and the extraction thereof, for a term not longer than 20 years; and leases for development for hydroelectric power for a term not longer than 50 years.

"The State may also, upon such terms as it may prescribe, grant such easements or rights in any of the lands granted by this act as may be acquired in privately owned lands through proceedings in eminent domain: *Provided, however,* That none of such lands, nor any estate or interest therein, shall ever be disposed of except in pursuance of general laws providing for such disposition, nor unless the full market value of the estate or interest disposed of, to be ascertained in such manner as may be provided by law, has been paid or safely secured to the State.

"With the exception of the lands granted for public buildings, the proceeds from the sale and other permanent disposition of any of the said lands and from every part thereof shall constitute permanent funds for the support and maintenance of the public schools and the various State institutions for which the lands have been granted. Rentals on leased lands, interest on deferred payments on land sold, interest on funds arising from these lands, and all other actual income shall be available for the maintenance and support of such schools and institutions. Any State may, however, in its discretion, add a portion of the annual income to the permanent funds.

"The lands hereby granted shall not be subject to preemption, homestead entry, or any other entry under the land laws of the United States, whether surveyed or unsurveyed, but shall be reserved for the purposes for which they have been granted."

Sec. 2. Anything in the said act approved February 22, 1889, inconsistent with the provisions of this act is hereby repealed.

With the following committee amendment:

Page 2, line 4, strike out "lands of equal value and as near as may be of equal area in order to consolidate the holdings of the State" and insert "lands, public or private, of equal value and as near as may be of equal area in order to consolidate the holdings of the State; but if any of the said lands are exchanged with the United States, such exchange shall be limited to surveyed, non-mineral, unreserved public lands of the United States within the State."

Mr. STAFFORD. Mr. Speaker, I ask recognition in opposition to the committee amendment.

The SPEAKER. The gentleman from Wisconsin.

Mr. STAFFORD. I failed to call the attention of the gentleman having the bill in charge, that in the committee amendment now under consideration the clause on page 2, lines 7 and 8, "in order to consolidate the holdings of the State" might make it rather embarrassing in the actual operation of this amendment. I think that clause should be eliminated. We should not state the purpose of the exchange in this law. We should give the State authority to exchange school lands for public or private lands, but not say "in order to consolidate the holdings of the State."

It might require, in every instance, having that condition impressed upon the exchange. I think it is sufficient if we grant them authority without saying it is for the purpose of consolidating the holdings of the State. If, however, the chairman does not think it will work any hardship in the administration of the law, I do not object.

Mr. EVANS of Montana. I do not think so.

Mr. STAFFORD. Mr. Speaker, I think it would be better to have that qualifying clause stricken out. Accordingly, I offer an amendment to the committee amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD to the committee amendment: In lines 7 and 8, strike out the words "in order to consolidate the holdings of the State."

The amendment to the committee amendment was agreed to.

The committee amendment was agreed to.

The Clerk read as follows:

A further committee amendment: Page 3, line 21, insert a new section, as follows:

"Sec. 2. The Secretary of the Interior shall cause patents to be issued to sections 16 and 36, granted by this act or by the act of January 25, 1927 (44 Stat. L. 1026), that have been surveyed, and to which title has vested in the grantee States, and which have not been reconveyed to the United States or exchanged with the United States for other lands. Such patents shall show the date when title vested in the State and the extent to which the lands are subject to prior conditions, limitations, easements, or rights, if any. In all inquiries as to the character of the land for which patent is sought the fact shall be determined as of the date of the approval by the Commissioner of the General Land Office of the survey of the same or the date of the admission of the State into the Union, if the survey was approved prior thereto."

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was rejected.

The Clerk read as follows:

A further committee amendment: Page 4, line 11, strike out the figure "2" and insert the figure "3."

The committee amendment was rejected.

The bill as amended was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO AMEND THE ACT AUTHORIZING CONSTRUCTION AND PROCUREMENT OF AIRCRAFT AND AIRCRAFT EQUIPMENT IN NAVY AND MARINE CORPS

The Clerk called the next bill on the Consent Calendar, H. R. 6599, to amend the act entitled "An act to authorize the construction and procurement of aircraft and aircraft equipment in the Navy and Marine Corps, and to adjust and define the status of the operating personnel in connection therewith," approved June 24, 1926, with reference to the number of enlisted pilots in the Navy.

The SPEAKER. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I ask unanimous consent that this bill go over. I am not quite prepared on it yet.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

TO AMEND ACT TO PROMOTE THE MINING OF POTASH ON THE PUBLIC DOMAIN

The Clerk called the next bill on the Consent Calendar, H. R. 10981, to amend the act approved February 7, 1927,

entitled "An act to promote the mining of potash on the public domain."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I would suggest in section 7, line 7, page 1, an amendment limiting this to permits issued to individuals, so that it would read: "No prospecting permit issued to an individual under this act may be extended by the Secretary of the Interior," and so forth.

Mr. COLTON. I hope the gentleman will not insist upon that amendment.

Mr. STAFFORD. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. STAFFORD. Suppose it were issued to a partnership or a number of individuals?

Mr. LaGUARDIA. That would be an individual.

Mr. COLTON. I hope the gentleman will not insist upon that amendment, because it is expensive work to drill and prospect for potash. This industry is in its infancy, and sometimes it is absolutely necessary for men to form associations or corporations, otherwise there could be no development.

Mr. LaGUARDIA. As a matter of fact, most of these permits have been issued to corporations, have they not?

Mr. COLTON. No; I think that is not true. I think most of them have been issued to individuals or associations of individuals.

Mr. STAFFORD. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. STAFFORD. The attention of members of the Committee on Military Affairs has been brought to the fact, in connection with a study of fertilizer in connection with Muscle Shoals, that in New Mexico there are large deposits of mineral potash that are undergoing development. As the gentleman knows, we are getting a large supply of potash from Germany, and we should encourage in every way possible the development of potash deposits in this country.

Mr. LaGUARDIA. I shall not press the amendment, but we have been hearing about this for the last 14 years. I hope something good will come from it at this time.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLTON. Mr. Speaker, I ask unanimous consent that S. 3953 be substituted for the House bill. It is an identical bill.

The SPEAKER. Without objection, the Clerk will report the Senate bill.

There was no objection.

The Clerk read as follows:

Be it enacted, etc., That the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain," is hereby amended by adding thereto a section, to be No. 7, reading as follows:

"Sec. 7. Any prospecting permit issued under this act may be extended by the Secretary of the Interior for a period not exceeding two years, upon a showing of satisfactory cause."

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill was laid on the table.

UNIVERSITY OF ARIZONA

The Clerk called the next bill, S. 2428, to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the selection by the State of Arizona under the grant for university purposes made by the act of June 20, 1910 (36 Stat. 557), filed in the Phoenix (Ariz.) United States land office July 7, 1930 (Phoenix serial No. 068540), for the south half of the northeast quarter, the north half of the southeast quarter, and the west half of section 9, township 14 south, range 16 east of the Gila and Salt River meridian, Arizona, be ratified and confirmed, and the Secretary of the Interior is hereby authorized and directed to approve such selection.

The bill was ordered to be read the third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO AMEND SECTION 99 OF THE JUDICIAL CODE

The Clerk called the next bill, H. R. 9306, to amend section 99 of the Judicial Code (U. S. C., title 28, sec. 180), as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 99 of the Judicial Code, as amended (U. S. C., title 28, sec. 180), be amended to read as follows:

"Sec. 99. The State of North Dakota shall constitute one judicial district to be known as the district of North Dakota. The territory embraced on the 1st day of January, 1932, in the counties of Adams, Billings, Bowman, Burleigh, Dunn, Emmons, Golden Valley, Grant, Hettinger, Kidder, Logan, McIntosh, McLean, Mercer, Morton, Oliver, Sioux, Slope, and Stark shall constitute the southwestern division of said district; and the territory embraced on the date last mentioned in the counties of Barnes, Cass, Ransom, Richland, Sargent, and Steele shall constitute the southeastern division; and the territory embraced on the date last mentioned in the counties of Benson, Bottineau, Cavalier, Grand Forks, McHenry, Nelson, Pembina, Ramsey, Rolette, Traill, Walsh, Towner, and Pierce shall constitute the northeastern division; and the territory embraced on the date last mentioned in the counties of Burke, Divide, McKenzie, Mountrail, Renville, Ward, and Williams shall constitute the northwestern division; and that the territory embraced on the date last mentioned in the counties of Dickey, Eddy, Foster, Griggs, La Moure, Sheridan, Stutsman, and Wells shall constitute the central division. The several Indian reservations and parts thereof within said State shall constitute a part of the several divisions within which they are respectively situated. Terms of the district court for the southwestern division shall be held at Bismarck on the second Tuesday in March; for the southeastern division, at Fargo on the second Tuesday in December; for the northeastern division, at Devils Lake on the first Tuesday in May, and at Grand Forks on the second Tuesday in November; and for the northwestern division, at Minot on the second Tuesday in April; and for the central division at Jamestown on the second Tuesday in October. The clerk of the court shall maintain an office in charge of himself or a deputy at each place at which court is held in his district."

With the following committee amendment:

Page 2, line 23, strike out the word "first" and insert in lieu thereof the word "second."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, may I ask if there are going to be any suspensions this afternoon, and at what time the Chair intends to recognize such motions?

The SPEAKER. It is the present purpose of the Chair, although the Chair does not want to be foreclosed, to recognize the gentleman from Alabama [Mr. STEAGALL] to call up what is known as the Goldsborough bill about 2 o'clock, since there is some suggestion of a little more debate than the 40 minutes. When that is concluded the Chair expects to recognize the gentleman from Mississippi [Mr. RANKIN] to call up what is known as the widows and orphans' pension bill, H. R. 8578, for the purpose of moving its passage with an amendment striking out what is known as section (d).

At the moment these are the only recognitions that the Chair has in contemplation.

Mr. SNELL. The Chair has not made up his mind with regard to what is familiarly referred to as the "grasshopper bill"?

The SPEAKER. The Chair will be glad to recognize the gentleman to pass the bill, if he thinks he can get enough votes.

Mr. SNELL. The only way I know of finding out is to try it.

ESTABLISHMENT OF A TERM OF THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF FLORIDA AT ORLANDO, FLA.

The Clerk called the next bill, H. R. 4709, providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That a term of the District Court of the United States for the Southern District of Florida shall be held annually at Orlando, Fla., on the first Monday in October: *Provided,* That suitable rooms and accommodations for holding court at Orlando are furnished without expense to the United States.

Mr. DYER. Mr. Speaker, I move to strike out the last word. I would like to ask the gentleman from South Carolina whether it is plain and clear in the hearing had upon this bill that there will be no additional cost whatever to the Government in having this term of court held at Orlando?

Mr. DOMINICK. It is; and the bill so provides.

Mr. DYER. Will it necessitate a deputy clerk and a deputy marshal, other than the force now upon the pay roll?

Mr. DOMINICK. It will not. We are advised that notwithstanding the fact that in a great many districts there are provided a deputy clerk and a deputy marshal, in Florida no such provision is actually put into effect, and there will be no deputy clerk or deputy marshal at this place.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. DYER. Yes.

Mr. JOHNSON of Washington. If there is to be no clerk established there permanently and if the judge may hold court anywhere he pleases, why is it necessary to enact a law providing that he shall hold court at Orlando?

Mr. DOMINICK. The reason for it is the distances involved in that district.

Mr. JOHNSON of Washington. Does this make it mandatory upon the judge to hold court there for, say, one day a year?

Mr. DOMINICK. It provides for a term of court to be held at Orlando for the convenience of the people in that district.

Mr. JOHNSON of Washington. The gentleman is positive there will be no extra cost for a deputy clerk or deputy marshal?

Mr. DOMINICK. None at all.

Mr. JOHNSON of Washington. I think there is no need of a law to provide that the court shall hold a term of court at Orlando, because under existing law I believe the court could be held there now.

Mr. DOMINICK. I disagree with the gentleman as to that.

Mr. JOHNSON of Washington. Of course, the gentleman has superior knowledge.

Mr. DOMINICK. Terms of court can only be held at places designated by the statute.

The pro forma amendment was withdrawn.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

ADDITIONAL JUSTICE OF THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

The Clerk called the next bill, H. R. 11336, providing for an additional justice of the Court of Appeals of the District of Columbia.

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection?

Mr. DYER. Mr. Speaker, reserving the right to object, will the gentleman yield?

Mr. LaGUARDIA. Yes.

Mr. DYER. I would like to have the gentleman from Tennessee [Mr. BROWNING], if the gentleman from New York will permit, make a brief statement as to the necessity for this legislation.

Mr. LaGUARDIA. I am sure we are always glad to hear from the gentleman from Tennessee.

The SPEAKER. The gentleman from New York [Mr. LaGUARDIA] asks unanimous consent that this bill may be passed over without prejudice. Is there objection?

There was no objection.

MEMORIAL TO THEODORE ROOSEVELT IN THE NATIONAL CAPITAL

The Clerk called the next bill, S. 290, to establish a memorial to Theodore Roosevelt in the National Capital.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I direct the attention of the gentleman from Massachusetts [Mr. LUCE] to the requirement as found in the proviso in section 1:

That no general plan for the development of the island be adopted without the approval of the Roosevelt Memorial Association.

If we are to take over this island under the provisions of the national park act, why should we grant to any private association any control as to its development?

Mr. FULLER. Will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. FULLER. How much of an appropriation is carried?

Mr. STAFFORD. There is nothing stated in the report as to what appropriation is required.

Mr. FULLER. Will the gentleman from Massachusetts tell us what appropriation will be required?

Mr. LUCE. None whatever. This is a gift on the part of the Roosevelt Association.

Mr. FULLER. It costs the Government nothing?

Mr. LUCE. Nothing.

Mr. STAFFORD. There will be considerable cost to the Government in the development of this island. I am in sympathy with the development of this island, but its improvement will be entirely upon the National Government. There is no question about that.

Mr. LUCE. The care of the island and its landscaping will no doubt cost something, because it will become a part of the park system of the District.

Mr. STAFFORD. Its revetment and other improvements may run into a considerable sum of money.

Mr. LUCE. It becomes a part of the park system of the District.

Mr. FULLER. Where is this island?

Mr. STAFFORD. Analostan Island is immediately southeast of the Key Bridge, opposite Georgetown.

There is a large island there that has been undeveloped for years, and this plan is now proposed by the Roosevelt Memorial Association.

Mr. FULLER. Is it proposed to put up a monument to his memory on this island?

Mr. LUCE. No; not a monument, as I understand.

Mr. STAFFORD. They want to develop it with landscaping in keeping with the surroundings.

Mr. FULLER. Is it to be simply named for him?

Mr. LUCE. I shall explain if the gentleman will permit.

The Roosevelt Association at first contemplated a very large monumental structure on the shores of, and taking part of the surface of, the Tidal Basin, which would put it on an axis with the White House. This plan was abandoned and in place the association decided to buy this island, and so did at an expense of several hundred thousand dollars. As I remember the newspaper report, it was \$400,000. They offer it to the Government. They desire to have it kept in its wild state as far as possible. The structures upon it, as far as yet decided, are to be simply those for the caretaker, the gardeners, and so forth, and such simple conveniences for the public as may be necessary. No monumental structure is intended, as far as I am informed.

Mr. GILBERT. Will the gentleman yield to me to make a brief additional statement?

Mr. LUCE. Yes.

Mr. GILBERT. The National Park and Planning Commission had already submitted to the Budget a request that this island be purchased at a price of more than \$300,000, approaching \$400,000, as necessary for the park system of the District, when the Roosevelt Association came along and gave it to us. So it was contemplated to make it a part of the park system of the Capital, anyhow.

Mr. STAFFORD. My inquiry, however, when I rose was directed to the conscripting provision in the proviso of sec-

tion 1. If the Government is going to take over this property and have jurisdiction under the planning system of the Government, why should we restrict any development of the island by having to receive the approval of the memorial association? Why should there be any strings attached to the plans for the development of this island as to its beautification by having it first visaed by the memorial association, a private association? If they want to give it, let them give it without any strings attached.

Mr. LUCE. The gentleman is well aware that from time to time opinion varies in the District and in Congress.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, I am reserving the right to object. I have been trying for some time to have the gentleman note my inquiry. The gentleman has just reached that pivotal point.

Mr. LUCE. From time to time opinion varies as to the use to which these public spaces should be put, and I imagine the association is of the belief that it should give thought to some situation which, perhaps, does not now exist and that it would be well that it should be able to control the use of the land for the purposes for which it is given.

Mr. STAFFORD. And they want the National Government to accept the gift and bear the expense of maintenance, but they are to have the right to say that no improvement shall be made unless it is approved by this private association.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. BLANTON. I want to ask the gentleman from Massachusetts if he does not think that just now, in this hour of extreme depression, it would be well to rest on our oars and not take on this proposition?

Mr. LUCE. I imagine the Committee on Appropriations, controlling the appropriations asked for by the National Park and Planning Commission, may be trusted to prevent any expenditure at present if they do not think it wise.

Mr. BLANTON. And I may say to the gentleman, in making this observation, I think I was one of the very first in the United States to make a cash contribution to the Roosevelt memorial fund. So I am a friend to the memorial, but does not the gentleman think this can wait a while rather than to start in on a new enterprise upon which ultimately we would perhaps spend a large sum of money?

Mr. LUCE. This does not require the immediate expenditure of a dollar, and possibly nothing will be spent there for several years.

Mr. BLANTON. I also agree with our friend the gentleman from Wisconsin [Mr. STAFFORD] in his comment that whenever the United States Government takes over a proposition it ought to take it over. It ought to have control of it absolutely. There ought not to be any strings tied to it. The Government should not be compelled to go to some commission to get authority to do this or to do that, and until all strings are removed I shall be forced to object.

The SPEAKER. Is there objection?

Mr. BLANTON. I object, Mr. Speaker.

AMENDMENT TO H. R. 11597

Mr. KETCHAM. Mr. Speaker, I desire to submit a unanimous-consent request. In the consideration of the Economy Committee bill, there have been adopted 14 amendments and through the courtesy of the reading clerks I have them listed under the names of the gentlemen who introduced them, the page of the bill upon which they occur, and the page of the CONGRESSIONAL RECORD upon which they may be found in connection with the discussion on these amendments. I think this would be of interest in connection with further study of the bill; and, especially in view of early record votes to be demanded on several amendments, I ask unanimous consent to extend my remarks by inserting this statement.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The statement referred to follows:

Amendments to H. R. 11597—Economy program

No.		Bill page	Record page
TITLE I			
1	Britten amendment.....	2	9090
2	McCormack amendment.....	4	9095
3	Woodrum amendment.....	7	9176
TITLE II			
4	Dickstein amendment.....	12	9183
TITLE III			
5	Vinson amendment.....	14	9257
6	Cannon amendment.....	15	9234
7	Stevenson amendment.....	17	9248
8	Buchanan amendment.....	17	9291
9	Barbour amendment.....	19	9248
TITLE IV			
10	Williamson amendment.....	31	9262
11	do.....	33	9263
TITLE V			
12	McDuffie amendment.....	35	9289
13	Cochran amendment.....	35	9310
TITLE VI			
14	Martin (Oregon) amendment.....	43	9319
TITLE VIII			
15	Williamson amendment.....	53	9349

JUSTICE CHARLES H. ROBB

Mr. GIBSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in regard to Justice Charles H. Robb.

The SPEAKER. Is there objection?

There was no objection.

Mr. GIBSON. Mr. Speaker, H. R. 11336, a bill to provide for an additional justice of the Court of Appeals of the District of Columbia, is pending on the Consent Calendar. This legislation is requested by the Department of Justice because of the physical incapacity of Justice Charles H. Robb. Justice Robb's impairment of health is due, no doubt, to overwork in the performance of exacting duties during years of faithful service.

Justice Robb came to Washington after years of practice at the Vermont bar, which has furnished a great number of able and learned judges to the State and the Nation. I know of none in the long list, however, who has shown greater learning, diligence, or ability.

I have known Justice Robb since he first came to the bar. I have watched his advance from a hard-working country lawyer to an exalted position on the bench. He holds the respect, the confidence, and the love of every one who has had occasion to appear before the court of appeals or who has come into contact with him in his daily life.

I would be negligent of my duty if I did not bring before the Members of Congress some of the facts of an outstanding judicial career.

Justice Robb was born November 14, 1867, at Guilford, Vt.; was admitted to the Vermont bar in 1892, and practiced law at Bellows Falls in that State until 1901, during which time he served as State's attorney for two years. In 1901 he was appointed inheritance tax solicitor of the Bureau of Internal Revenue of the Treasury Department, which position he held until 1902, when he was appointed a special assistant in the Department of Justice. In 1903 he was appointed assistant attorney general for the Post Office Department. In this capacity he successfully conducted the investigations and prosecutions in the notorious post-office fraud cases of that period. On the completion of this work in 1904 he was appointed Assistant Attorney General of the United States.

While Assistant Attorney General he was assigned at the special direction of President Roosevelt to conduct the second trial of Joseph R. Burton, of Kansas, a high official of the Government, before the Circuit Court of the United States, for the Eastern District of Missouri. Burton had been indicted for accepting compensation, while a Government offi-

cial, for services before the Post Office Department in relation to matters in which the United States was interested. The first trial had been set aside by the Supreme Court of the United States in January, 1905. At the second trial Burton was convicted and on one count sentenced to serve six months in jail and fined \$2,000 and on another count sentenced to serve six months in jail and fined \$500. The case again reached the Supreme Court in April, 1906, being presented on behalf of the Government by Mr. Robb. On May 21, 1906, the Supreme Court affirmed the judgment of the trial court.

To fill the vacancy caused by the resignation of Associate Justice Charles H. Duell from the Court of Appeals of the District, President Roosevelt on October 5, 1906, during the recess of the Senate, appointed Mr. Robb, then 38 years of age, as associate justice. He took the oath of office on October 8, 1906; later his nomination was confirmed by the Senate and he was recommissioned as associate justice on December 11, 1906, taking the oath of office on December 14, 1906.

The Court of Appeals of the District was created in 1893. Its jurisdiction is greater than that of any appellate court in the country, with the exception of the Supreme Court of the United States. As stated by Mr. Chief Justice Taft in *Public Utilities Com. v. Potomac Electric Power Co.* (261 U. S. 442), the court of appeals "possesses the jurisdiction and power of Federal courts of the several States, with such added jurisdiction as a State may confer on her courts." It has jurisdiction to review decisions of the Supreme Court of the District of Columbia; concurrent jurisdiction with the circuit court of appeals of the United States over the decisions of the United States Board of Tax Appeals; exclusive jurisdiction of appeals from the Federal Radio Commission, subject to review by the Supreme Court of the United States; and until 1929 had jurisdiction of appeals from the United States Patent Office. By writ of error it has jurisdiction to review the judgments of the police court, the municipal court, and the juvenile court of the District. The District of Columbia being the seat of government, probably more mandamus and injunction cases are heard in the court of appeals than in all of the other Federal appellate courts of the country combined.

The first opinion of Justice Robb was rendered on October 19, 1906, 11 days after taking office under his original appointment (No. 1720, *District of Columbia v. Mattingly*, 28 App. D. C. 176). During the period of 26 years since then he has written more than 1,350 opinions, an average of over 51 each year. At the time of his appointment to the bench in 1906, the court (composed of three justices) had written a total of 288 opinions in appeals from the Patent Office. Since that time the court while similarly constituted has written 1,476 opinions in patent appeals, of which Justice Robb has written 544, or nearly 37 per cent. During his tenure on the bench he has in addition considered and acted upon hundreds of petitions for writs of error and motions relating to cases before the court.

The first opinion by Justice Robb to receive review by the Supreme Court of the United States was in the case of *Hutchins v. Munn* (No. 1680, 28 App. D. C. 271), 209 U. S. 246, involving the function of an auditor, and the Supreme Court in affirming the decision observed that the auditor's function "was correctly appreciated by the court below." Since then 116 opinions written by Justice Robb have reached the Supreme Court. Of these cases only 15 have been reversed.

Perhaps one of the most novel constitutional questions raised in recent years was decided by the court of appeals in an opinion by Justice Robb (*Blackmer v. United States*, 49 F. (2d) 523). The court affirmed a contempt decree of the Supreme Court of the District against Harry M. Blackmer, a citizen of the United States, for failure to respond to subpoenas issued out of that court and served on him in France by a United States consul. These subpoenas commanded Blackmer to appear as a witness at the criminal trial of Albert B. Fall and Harry F. Sinclair. The Supreme Court, in an opinion by Mr. Chief Justice Hughes (284

U. S. 421), has during the present term approved in every particular the opinion of the court of appeals on the questions considered on certiorari.

This is an outstanding record.

Justice Robb, after 26 years of service, has not arrived at the age of retirement. The court has an overcrowded docket, and the judges are compelled to work under pressure. It is only fair and just that one who has spent a quarter of a century in the exacting toil necessary, with a bench composed until recently of only three members, should receive consideration. I sincerely hope that this measure will not meet with any objection.

METHOD OF SELLING REAL ESTATE

The Clerk read the next bill on the Consent Calendar, H. R. 6678, amending section 1 of the act of March 3, 1893 (27 Stat. L. 751), providing for the method of selling real estate under an order or decree of any United States court.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill go over without prejudice.

There was no objection.

BRIDGE ACROSS THE MISSOURI RIVER AT RANDOLPH, MO.

The Clerk read the next bill on the Consent Calendar, H. R. 8072, a bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.

The SPEAKER. Is there objection?

Mr. LAGUARDIA and Mr. BLANTON objected.

The SPEAKER. This requires three objections. If there is no other objection, the Clerk will read the bill.

Mr. MILLIGAN. Mr. Speaker, I ask unanimous consent to substitute Senate 2967 in lieu of the House bill.

Is there objection?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 2967

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Missouri River at or near Randolph, Mo., authorized to be built by the Kansas City Southern Railway Co., its successors and assigns, by the act of Congress approved May 24, 1928, heretofore extended by acts of Congress approved March 1, 1929, May 14, 1930, and February 6, 1931, are hereby further extended one and three years, respectively, from May 24, 1932.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

Mr. LAGUARDIA. Mr. Speaker, I move to amend line 4 of the Senate bill, before the word "bridge," strike out the word "the" and insert "a railroad."

The SPEAKER. The Clerk will report the amendment. The Clerk read as follows:

On line 4 of the Senate bill, before the word "bridge," strike out the word "the" and insert "a railroad."

Mr. LAGUARDIA. Mr. Speaker, this amendment is not acceptable to the gentleman from Missouri. I offered it to him and he declined to accept it. If the House sees fit to consider it, all right. I call the attention of the House to the fact that the bill was first introduced for a railroad bridge and then it was a combined bridge. They have been trying to finance it for several years but have been unable to do so. The Bureau of Roads strongly recommends against it. The Department of Agriculture, in its report, says:

It is the view of the department that a private highway toll bridge should not be constructed at this point. It therefore recommends against enactment of the pending bill unless the authorization is revised to eliminate the portions thereof relating to the construction of a highway bridge or a combined highway and railroad bridge.

I am simply trying to carry out the advice of the road bureau in the Department of Agriculture. This bureau is doing excellent work in the Federal-aid highway system and should have our support. They are doing everything in their power to prevent private enterprise getting control of Federal-aid highways by getting the consent of Congress to build and operate toll bridges on such roads.

Mr. MILLIGAN. Mr. Speaker, the gentleman from New York is mistaken. This bill was introduced for a combination vehicular and railroad bridge. The reason the railroad de-

sires this is that the vehicular part of the bridge is necessary in order that the employees of the railroad may cross the river at that point instead of going down the river 12 or 14 miles or up the river 7 or 8 miles.

Mr. LA GUARDIA. Who is going to finance it?

Mr. MILLIGAN. The railroad company is going to finance it. The only reason that the bridge has not been built is because of some disagreement between the different railroad lines that are interested in this particular bridge.

Mr. BLANTON. My objection was that which has been made by the gentleman from New York. In view of the explanation of the gentleman from Missouri I withdraw my objection.

The SPEAKER. The question is on the amendment of the gentleman from New York.

The amendment was rejected.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The House bill was laid on the table.

CARE OF INJURED IN NATIONAL GUARD, ETC.

The next business on the Consent Calendar was the bill (S. 1690) to make provision for the care and treatment of members of the National Guard, Organized Reserves, Reserve Officers' Training Corps, and citizens' military training camps who are injured or contract disease while engaged in military training, and for other purposes.

The SPEAKER. Is there objection?

Mr. LA GUARDIA. I ask unanimous consent that this bill go over without prejudice.

The SPEAKER. Is there objection?

Mr. PARKER of Georgia. Mr. Speaker, I object.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. LA GUARDIA. I object.

PALO VERDE, CALIF.

The next business on the Consent Calendar was the bill (H. R. 11183) for emergency relief of Palo Verde Valley, Calif.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, this bill if passed would authorize \$70,000 to be appropriated out of the Treasury for the relief of Palo Verde Valley, Calif. At this particular time, when 7,000,000 heads of families are without jobs and can not find work to do and their wives and children are starving, it behooves us here to stop all spending that is not absolutely necessary. We can not retrench, and will never balance the Budget, as long as we appropriate \$70,000 for this purpose and \$7,000,000 for that enterprise. We must stop unnecessary expenditures, both small and large, if we save our Government from bankruptcy. It is true that this is only \$70,000; but that sum with many others like it aggregates during the fiscal year a tremendous amount. And we must watch these small items as well as the large ones. While I am a friend of the author of this bill, and hate to oppose its passage, I feel constrained to object. For the reasons above, Mr. Speaker, I object.

STATUES OF GEORGE WASHINGTON AND ROBERT E. LEE

The next business on the Consent Calendar was House Concurrent Resolution 24, relative to the statues of George Washington and Robert E. Lee.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the concurrent resolution, as follows:

Resolved by the House of Representatives (the Senate concurring). That the thanks of this Congress be presented to the governor and through him to the people of the State of Virginia for the statues of George Washington and Robert E. Lee, whose names are so honorably identified with the history of our country; that these works of art are accepted in the name of the Nation and assigned to places in the old Hall of Representatives already set aside by Congress for the statues of eminent citizens; and that a copy of this resolution, signed by the President of the Senate and the Speaker of the House of Representatives, be transmitted to the Governor of Virginia.

The concurrent resolution was agreed to.

NATURALIZATION OF CERTAIN WOMEN BORN IN HAWAII

The next business on the Consent Calendar was the bill (H. R. 10829) relating to the naturalization of certain women born in Hawaii.

The SPEAKER. Is there objection?

Mr. BALDRIGE. Mr. Speaker, I reserve the right to object. Is there any report from the department on this bill?

Mr. JOHNSON of Washington. No; but there was favorable testimony, with a representative of the department present, who helped to perfect the bill as originally introduced. There can not be any possible objection, because this applies to not to exceed a dozen old women who are native-born Hawaiians, born before annexation, and who since the passage of the Cable Act of 1922 have no status for naturalization, to which they were originally entitled at the time of annexation.

Mr. BALDRIGE. Is the department in favor of this?

Mr. JOHNSON of Washington. The bill was drafted by the legislative drafting section after consultation with a representative of the department and after hearings.

Mr. STAFFORD. Reserving the right to object, I assume that these 12 old Hawaiian women can obtain naturalization under the regular laws of the United States?

Mr. HOUSTON of Hawaii. No; they can not, because they are neither white nor African.

Mr. STAFFORD. Where are these women living?

Mr. HOUSTON of Hawaii. They are all living in Hawaii at the present time.

Mr. STAFFORD. And the gentleman is certain that this applies to only 12 women?

Mr. HOUSTON of Hawaii. These are the only ones whose cases have been brought to my attention.

Mr. JOHNSON of Washington. The law was rewritten so that it does not apply to any person outside of the islands.

Mr. STAFFORD. I was under the impression that they would be privileged under existing naturalization laws to be naturalized. I can not see any reason why we should pass a special act granting a special privilege to these people.

Mr. JOHNSON of Washington. It does not do that. They were left out at the time of the organic act passed by the Congress two or three years after annexation. These women are now found, under the Cable Act, never to have had naturalization status. It has not been the policy of the House Committee on Immigration and Naturalization to recognize bills to give individual naturalizations.

Mr. STAFFORD. Is it the purpose also that their husbands may seek to have special privileges granted to them if this act is passed?

Mr. JOHNSON of Washington. No. The scope is limited.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. HOUSTON of Hawaii. Yes.

Mr. BLANTON. I have been wondering whether or not steps will be taken to file impeachment proceedings against the Federal judge in the gentleman's city, Honolulu, who coerced a grand jury and forced it to file bills of indictment against people, when the jury after carefully considering the cases had refused to do so? If ever, in my judgment, there were grounds for impeachment of a judge, that should be just grounds. No judge ought ever to coerce a grand jury into finding bills of indictment against anyone.

Mr. HOUSTON of Hawaii. I am not a lawyer and I can not undertake to answer a question of that kind.

Mr. DYER. I think the gentleman from Texas should withhold remarks of that kind at this time.

Mr. BLANTON. They are remarks that ought just now to be made by somebody, and the gentleman from Texas usually makes them when such remarks are necessary.

Mr. JOHNSON of Washington. That question has nothing to do with this bill.

The SPEAKER. Is there objection to the consideration of the bill?

There was no objection, and the Clerk read the bill, as follows:

Be it enacted, etc., That for the purposes of subdivision (b) of section 3 of the act entitled "An act relative to the naturaliza-

tion and citizenship of married women," approved September 22, 1922, as amended, a woman born in Hawaii prior to June 14, 1900, shall, if residing in the United States on the date of enactment of this act, be considered to have been a citizen of the United States at birth.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

NAVAL ORDNANCE PLANT, SOUTH CHARLESTON, W. VA.

The next business on the Consent Calendar was the bill (H. R. 4657) to authorize the disposition of the naval ordnance plant, South Charleston, W. Va., and for other purposes.

The SPEAKER. Is there objections?

Mr. LaGUARDIA. Mr. Speaker, I reserve the right to object.

Mr. BLANTON. I object, for one.

Mr. BACHMANN. Will the gentleman withhold his objection?

Mr. STAFFORD. Mr. Speaker, will not the reservation of objection hold the original status of objection?

Mr. BLANTON. If the gentleman from Wisconsin, the gentleman from New York, and myself are going to object, why go on?

Mr. BACHMANN. Will the gentleman withhold his objection for a moment?

The SPEAKER. A reservation of objection is in order as long as the regular order is not called for.

Mr. LaGUARDIA. I reserve the right to object.

Mr. BACHMANN. Here is a bill seeking to dispose of a plant that is costing the Government \$80,000 a year to maintain, and year after year it is deteriorating into junk.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BACHMANN. Yes.

Mr. BLANTON. Of all times, this is not the time to sell any property, Government or private. It would not bring anything. This property has cost millions of dollars.

Mr. BACHMANN. And it will bring several millions of dollars.

Mr. BLANTON. You could not sell gold just now for anything like its value.

Mr. BACHMANN. If it remains as it is much longer, it will not be worth anything.

Mr. BLANTON. I am not in favor of selling anything in this hour of depression.

Mr. LaGUARDIA. This is not economy. The bill seeks to take this money and place it in a special fund so that it could be spent more readily.

Mr. BLANTON. Certainly.

Mr. LaGUARDIA. And in addition to that, here is a fully equipped plant, and it was put up there as a safeguard—

Mr. BLANTON. Let us be economical and not waste any more time on this bill. I demand the regular order, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LaGUARDIA. I object.

Mr. BLANTON. I object.

Mr. STAFFORD. I object.

USE OF UNITED STATES MAILS FOR TRANSMISSION OF MATTER ADVERTISING PUZZLE CONTESTS, ETC.

The Clerk called the next bill on the Consent Calendar, H. R. 10462, to prohibit the use of the United States mails for the transmission of any matter advertising puzzle contests, naming contests, prize offers, or any other form of competition for a prize wherein such offers are made to induce persons to compete in another contest which involves either the purchase or sale of goods as a requisite of winning.

The SPEAKER. Is there objection?

Mr. COCHRAN of Missouri. I object.

Mr. DYER. I object.

Mr. BROWNING. I object.

Mr. BALDRIGE. I object.

Mr. LaGUARDIA. I object.

Mr. BACHMANN. I object.

EXCHANGE FEDERAL BUILDING SITE IN DOVER, N. J.

The Clerk called the next bill on the Consent Calendar, H. R. 11337, authorizing the Secretary of the Treasury to exchange the Federal building site in Dover, N. J., for another site.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. BALDRIGE. Mr. Speaker, reserving the right to object, I would like to ask one question. Would there be any unexpended balance if the original building was built on the former site?

Mr. LANHAM. This relates merely to the transfer of sites and not to the construction of the building.

Mr. BALDRIGE. But does this mean any more money?

Mr. LANHAM. Not a particle. It is merely an exchange of sites, and certain work is to be done upon this new site by the city of Dover, and also the city will give free rent during the construction of the Federal building. It adds to the attractiveness of the city as well.

Mr. BALDRIGE. If the building was built as formerly planned on the site where formerly planned, would there be any unexpended balance?

Mr. LANHAM. Oh, no. The building would cost the same.

Mr. STAFFORD. Reserving the right to object, I wish to inquire the reason why the committee called upon the Fourth Assistant Postmaster General for his opinion rather than upon the Treasury Department as to the advisability of the exchange of these respective tracts.

Mr. LANHAM. The Fourth Assistant Postmaster General went to Dover and made a personal inspection of these sites. Mr. Heath, Assistant Secretary of the Treasury, was also present at the hearing and concurred in the statement made by the Fourth Assistant Postmaster General.

Mr. STAFFORD. In reading the report I gained the impression that the site that has been bought by the Government for the post office was more valuable than the site suggested by the city of Dover, which they wished to accord in exchange.

Mr. LANHAM. It would have been but for the fact that the city will build a retaining wall, which will make the new site equally advantageous and, with the expense involved, of equal value. We made inquiry of these Government officials as to whether or not there was any loss in value in an exchange of this kind, and they said, in view of the work that the city would do, there would be no loss in value whatever, and that the new site is quite as acceptable for post-office purposes as the present site, and it would add very much to the program of city building that Dover has in mind.

Mr. STAFFORD. Is this an instance of rivalry in the locality as to the merits of respective sites for a post-office building?

Mr. LANHAM. I think not, from the testimony before the committee. The mayor of the city, for instance, made a trip here, as well as the city engineer, in order to testify at these hearings.

Mr. STAFFORD. What is the size of the Dickerson Street site which the Government now owns, and when did it acquire title, and what is the size of the proposed site which the city of Dover wishes to transfer in exchange?

Mr. LANHAM. They are relatively of the same size, and the testimony before us is that each is absolutely adequate for the building which the Government intends to erect.

Mr. STAFFORD. How large is the proposed site?

Mr. LANHAM. I do not recall the figures exactly, but we had a map and a plat of the city before us, and the tracts are approximately of the same size.

Mr. STAFFORD. As I understand, it is the purpose of the city to wall up the site at their expense so as to make it serviceable for the purposes of a post office?

Mr. LANHAM. It is; and the mayor of the city said to us that they already had that authority and were prepared to go ahead and do the work. The exchange will not be made until it is done.

Mr. STAFFORD. With that explanation I will withdraw the reservation of objection.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and empowered to exchange by the usual quitclaim deed, without expense to the United States (when title becomes vested in the Government) the Federal building site located on the northwest corner of Dickerson and Warren Streets at Dover, N. J., now under contract to be purchased by the United States, for a site offered by the city of Dover, located on Sussex Street and Morris Street extended: *Provided*, That the exchange herein set forth shall be subject to such conditions as to the improvements on the Sussex Street site to be made by the city of Dover as may be required by the Secretary of the Treasury, and free rental to the Government of the present post-office quarters located on the Dickerson Street site until the new post-office building is completed and occupied. These conditions to be assented to by the city of Dover in order to equalize the price of the Sussex Street site. In the event that the exchange as herein set forth is consummated it is further provided that the unexpended balance of the appropriation authorized in the act of Congress approved March 4, 1931, for a site and building at Dover, N. J., is hereby made available for the construction of the new building on said Sussex Street site.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TO REGULATE THE MANUFACTURE AND SALE OF STAMPED ENVELOPES

The Clerk called the next bill on the Consent Calendar, H. R. 8576, to regulate the manufacture and sale of stamped envelopes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. LA GUARDIA. Reserving the right to object, Mr. Speaker, I am not ready for this, and I ask unanimous consent that the bill go over.

Mr. CLARKE of New York. I think it should go over.

Mr. HARLAN. Mr. Speaker, I object.

Mr. BALDRIGE. The gentleman did not object to the consideration of the bill, did he?

Mr. HARLAN. I object to the consideration of the bill, but I will reserve that.

Mr. LA GUARDIA. I asked to have it go over for two weeks.

Mr. CLARKE of New York. I think it had better go over.

The SPEAKER. Is there objection to the request of the gentleman from New York that the bill go over for two weeks?

There was no objection.

CONVEYANCE OF PORTION OF THE LISTON RANGE REAR LIGHTHOUSE RESERVATION FOR HIGHWAY PURPOSES

The Clerk called the next bill, H. R. 79, to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to transfer and convey to the State of Delaware the following-described parcel of land situate in New Castle County and being a part of the Liston Range Rear Lighthouse Reservation:

Beginning at a point on the westerly side of the Liston Range Rear Light Station Reservation, Del., which point is the south-westerly corner of the lighthouse reservation as described in deed dated March 18, 1904, and from which the Liston Range Rear Light Station tower bears north 40 degrees 19 minutes 10 seconds east 331.73 feet, running thence from a point of beginning 74 degrees 9 minutes true 918 feet along the center line of the concrete roadway pavement (which is also the present southerly boundary line of the reservation) to the southeast corner of the lighthouse reservation, thence 288 degrees 24 minutes true 53.05 feet to a stone monument, thence 254 degrees 9 minutes true 678.32 feet along the present fence line approximately parallel to the center line of the concrete roadway pavement to a point, thence along a curved line with radius of approximately 1,116 feet approximately parallel to the center line of the concrete roadway pavement about 168 feet to a stone monument on the westerly lighthouse reservation line, thence 198 degrees 24 minutes true 51.38 feet along the westerly boundary of the lighthouse reservation to the point of beginning, containing sixty-two hundredths acre, more or less, the same to be held and made available permanently by said State as a public highway under such rules and regulations as may be necessary and proper for use thereof by the public.

SEC. 2. The Lighthouse Service shall have an unrestricted right at all times to use the said highway for the purpose of access to and egress from the said lighthouse reservation: *Provided*, That should the State of Delaware fail to keep and hold the said strip of land for roadway purposes or devote it to any use inconsistent with said purposes then title to said land shall revert to and be reinvested in the United States.

Mr. LA GUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LA GUARDIA: Page 3, line 13, after the word "States," insert the following: "and the deed or instrument of conveyance shall recite said reversionary rights herein reserved."

Mr. LA GUARDIA. Mr. Speaker, the purpose of the amendment is to reserve the reversionary rights, if the instrument of conveyance does not include such a reference. I think it should, so that if the State ceases to use it and some one else acquires it, endless litigation as to the title will be avoided. My attention was diverted when the bill was called up or I would have objected by reason of that. It may not seem important, but it will certainly serve to give notice, as a matter of record, of the reservation of such rights.

The amendment was agreed to.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, it is customary in these bills where the Government conveys property to have it done by quitclaim deed; and I would suggest an amendment on page 1, line 4, after the word "Delaware," inserting the words "quitclaim deed."

Mr. HOUSTON of Delaware. Mr. Speaker, I will say, for information, that it is the practice in my State for the State to convey a fee simple title to roads. This road has already been built. The land was under lease by the Government as a part of the State highway system.

Mr. STAFFORD. The Government does not in any instance warrant the title and it should not warrant the title. It should be sufficient to give to the State of Delaware all the title that the Government has, and that is done by quitclaim deed.

Mr. HOUSTON of Delaware. That is all the title they could convey in any case.

Mr. STAFFORD. Mr. Speaker, I withdraw the pro forma amendment and offer a formal amendment.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 4, after the word "convey," insert "by quitclaim deed."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

CONVEYANCE OF A CERTAIN TRACT OF LAND TO THE BOROUGH OF STONINGTON, CONN.

The Clerk called the next bill, H. R. 10683, to provide for the conveyance by the United States of a certain tract of land to the borough of Stonington, in the county of New London, in the State of Connecticut.

Mr. BLANTON. Mr. Speaker, reserving the right to object, there ought to be an amendment on this bill as suggested by the department.

Mr. LONERGAN. What is it?

Mr. BLANTON. They ask that certain changes be made in the bill. Will the gentleman agree to those changes?

Mr. LONERGAN. What are they?

Mr. STAFFORD. Mr. Speaker, this property involves less than an acre in extent.

Mr. BLANTON. Mr. Speaker, I ask that this bill be temporarily passed until we can agree on an amendment. The department wants some reservations placed in the bill.

Mr. LA GUARDIA. Mr. Speaker, let me suggest this for the consideration of the gentleman from Texas. I would suggest as section 3 the following: "The conveyance shall be made on completion of said improvements by said borough of Stonington, and said deed shall recite all the conditions contained in this act."

In other words, instead of conveying the property now subject to the borough making the improvement, why not

authorize the conveyance of the property when the improvement is made?

Mr. BLANTON. That will be all right.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce be, and he is hereby, authorized to convey by quitclaim deed unto the borough of Stonington, in the county of New London, in the State of Connecticut, all of its right, claim, or title to or the possession of that tract of land, less than one acre, known as Stonington Point, situated in the borough of Stonington, county of New London, in the State of Connecticut, for improvement and maintenance as a plaza in commemoration of those vallant men who so nobly defended it during the 3-day bombardment by the British fleet under Commodore Hardy, on August 9, 10, and 11, 1814.

SEC. 2. The Lighthouse Service reserves the right to maintain such lights on the property to be conveyed as the needs of navigation may require, and the right to enter upon the reservation by the most convenient route for the purpose of maintenance of such lights and reserve an easement for beams of light from such lights, and the right to trim any trees that now exist or may hereafter exist that interfere with or obstruct the beams of such lights.

SEC. 3. The conveyance shall be made on condition that the said borough of Stonington shall begin the improvement within one year from the date of this act and that upon failure so to do, or upon failure thereafter to maintain this tract of land for the purpose named in this act, it shall revert to the United States upon due notice from the Secretary of Commerce.

Mr. LAGUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 2, line 13, strike out all of section 3 and insert in lieu thereof the following:

"SEC. 3. The conveyance shall be made on completion of said improvement by the said borough of Stonington and said deed shall recite all the conditions contained in this act."

Mr. STAFFORD. Mr. Speaker, I would like to ask the gentleman from New York whether the amendment he suggests carries the provision that upon the failure thereafter to maintain this tract of land for the purposes set out it shall revert to the United States?

Mr. LAGUARDIA. I provide that the deed shall contain all of the reservations set out in this act, so that the deed will have to recite them.

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

CONVEYANCE OF CERTAIN LAND ON FENWICK ISLAND, SUSSEX COUNTY, DEL., FOR ROADWAY PURPOSES

The Clerk called the next bill, S. 283, to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is hereby authorized to transfer and convey to the Levy Court of Sussex County, State of Delaware, the following-described parcel of land situate in Sussex County and being a part of the Fenwick Island Lighthouse Reservation: A strip of land 60 feet wide and 660 feet long, extending from the west boundary line of the Fenwick Island Lighthouse Reservation to the east boundary line of the lighthouse reservation with the center line running parallel to and 330 feet northerly from the east and west boundary line between the States of Delaware and Maryland, which boundary line is the southerly boundary of the Fenwick Island Lighthouse Reservation; the same to be held and made available permanently by said Levy Court of Sussex County, State of Delaware, as a roadway under such rules and regulations as may be necessary and proper for the use thereof by the public, and that the Lighthouse Service shall have an unrestricted right at all times to use the said roadway for the purposes of access to and egress from the lighthouse reservation: *Provided*, That should the Levy Court of Sussex County, State of Delaware, fail to keep and hold the said strip of land for roadway purposes or devote it to any use inconsistent with said purposes, then title to said land shall revert to and be reinvested in the United States.

Mr. LAGUARDIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGUARDIA: Page 2, line 17, after the word "States," insert the following: "and the deed or instrument of conveyance shall recite the reversionary rights herein reserved."

The amendment was agreed to.

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Mr. STAFFORD. Mr. Speaker, I offer the following amendment: On page 1, line 4, after the word "convey," insert the words "by quitclaim deed."

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: On page 1, line 4, after the word "convey," insert the words "by quitclaim deed."

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

AMENDMENT OF THE UNITED STATES CODE

The Clerk called the next bill, H. R. 11152, to amend section 293, title 39, of the United States Code, Supplement V, to promote Parcel Post Service.

Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, it seems to me if this going to be an experiment we should start with the 5-cent fee, as suggested by the Post Office Department. The 3-cent fee is an experiment, and it seems to me we should go back to the 5-cent charge originally suggested. If the gentleman from Pennsylvania would agree to that, I would like to see the experiment tried out.

Mr. KELLY of Pennsylvania. Mr. Speaker, I believe that 3 cents will fully cover the cost and yield a profit; but there can be no real objection to changing the figure from 3 cents to 5 cents, because the provision is that the rate shall not exceed the fee specified, so that any rate below that fee which is deemed best may be used.

Mr. LAGUARDIA. I will say that, as far as congested traffic conditions in New York City are concerned, we certainly could not do it for 3 cents.

Mr. STAFFORD. It is a question whether in any of the great metropolitan centers you can do it even for 5 cents, with the pay we are according to the letter carriers and to delivery drivers of automobiles.

I can not conceive how at the rates we pay they can even do it for 5 cents, but the department has said, "Let us experiment with it at this 5-cent rate."

I could not conceive the mathematics of the brilliant minds that compose the Committee on the Post Office and see how they could arrive at the conclusion of a 3-cent rate being compensatory.

Mr. KELLY of Pennsylvania. I may say to the gentleman from Wisconsin that a preliminary test in Los Angeles showed that it cost less than 3 cents and there was a considerable profit in 3 cents. However, 5 cents will be satisfactory.

Mr. BALDRIGE. If the gentleman will permit, may I ask whether this would be in competition with the express companies?

Mr. STAFFORD. Oh, yes; that is the purpose of it.

Mr. KELLY of Pennsylvania. This is not in competition with the express companies, because this is simply picking up parcel-post packages that would be taken to the post office in any case.

Mr. BALDRIGE. What effect would this have with respect to putting the Government in business in competition with such companies?

Mr. KELLY of Pennsylvania. This only deals with parcel-post packages that would go into the post office anyhow. At the present time they must be carried to the post office. The service has trucks and men employed now who can well be engaged in picking up these packages.

Mr. BALDRIGE. Is it not true that this class of business now goes through the express companies because of the fact that the Parcel Post Service does not pick up? If we now have the parcel post pick up these packages, will this not injure our express companies and put the Government in competition with private business?

Mr. KELLY of Pennsylvania. No; I think my friend is mistaken, because the large concern has its own trucks and will send these packages to the post office without using this new service. The small concern that has a few parcel-post packages a day will have the post-office truck stop for

these packages, and will pay a proper fee. There will not be direct competition with private industry.

Mr. BLANTON. Carrying out the suggestion made by the gentleman from New York [Mr. LaGuardia], which is a good one, the words "not more than" ought to be stricken out when you put in 5 cents instead of 3 cents. Will the gentleman agree to that?

Mr. KELLY of Pennsylvania. I hope the gentleman will not press that suggestion.

Mr. BLANTON. That ought to be done, because we are not going to enact any new laws here by unanimous consent that may cause an extra deficit in the Treasury.

Mr. KELLY of Pennsylvania. This will mean a gain rather than a deficit.

Mr. BLANTON. The gentleman does not know that.

Mr. KELLY of Pennsylvania. Yes; that is the statement of the department.

Mr. BLANTON. It is an experiment; and, if the gentleman will knock out the words "not more than" and insert "five" instead of "three," we will go along with him; and that would also carry out the recommendation of the department.

Mr. LaGuardia. That will be all right.

Mr. KELLY of Pennsylvania. If the gentleman means to object otherwise, I am at his mercy, of course.

Mr. BLANTON. Yes; I want to carry out the recommendation of the department. With that understanding, I shall not object.

Mr. KELLY of Pennsylvania. I shall not object to that, if the gentleman insists upon the point.

Mr. EATON of Colorado. Mr. Speaker, reserving the right to object, I would like to inquire further. Do I understand by this bill you are now putting the United States in the business of going to a person's place of business and getting the packages which he has heretofore carried himself to the post office?

Mr. STAFFORD. That is it exactly.

Mr. EATON of Colorado. And you think by charging 5 cents for that service, the United States will make a profit?

Mr. STAFFORD. They claim they can make a profit at 3 cents.

Mr. KELLY of Pennsylvania. If the gentleman will permit, we are endeavoring to carry out the Parcel Post Service. There is nothing frightening about this.

We are simply going to use the trucks and the workers that we now have to carry these packages from the business place to the post office. It is logical and should have been in force from the beginning.

Mr. EATON of Colorado. I may say that neither the gentleman nor any man who has figured on this has ever been in the parcel-post business. I object, and I hope there will be others to object when the bill comes up for further consideration.

Mr. BALDRIGE. Who carries these packages now to the post office?

Mr. KELLY of Pennsylvania. They are carried by the mailer himself.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. EATON of Colorado. I withhold my objection.

Mr. BLANTON. Our rural carriers and our urban carriers are every day picking up first-class mail. If they pick up first-class mail, why can they not pick up other kinds of mail?

Mr. EATON of Colorado. Because there is just as much difference between first-class mail and packages as between a sheet of paper and a 5 or 10 pound package. The business is entirely different.

Mr. BLANTON. I do not see any difference. A private company could make money by carrying letters, but we prefer for the United States Government to handle the mails exclusively.

The SPEAKER pro tempore (Mr. Bankhead). Is there objection?

Mr. EATON of Colorado. I object, Mr. Speaker.

POSTAL ACT OF MAY 29, 1928

The Clerk called the next bill, S. 621, to repeal section 7 of the postal act approved May 29, 1928.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, what objection can there be to the Post Office Department, the administrative head of the Government, having the right to determine whether the parcel-post charges are reasonable or not? We have had manifestation time and time again that the distinguished members of the Post Office Committee believe their judgment as to administrative costs better than that of the department. Are we to establish the policy here that the Post Office Committee knows more about administrative charges for carrying parcel post than the experts of the department?

Mr. LaGuardia. I want to know why the change.

Mr. STAFFORD. That is what I am seeking to get information about.

Mr. BUCKBEE. I will say to my delightful colleague from Milwaukee—

Mr. STAFFORD. I thank the gentleman for that compliment.

Mr. BUCKBEE. This is merely a question between the Post Office Committee, that has handled rate measures for upward of 100 years in an impartial, efficient manner, and the Interstate Commerce Commission. If you are going to let one class of mail be handled by the Interstate Commerce Commission, why would not my delightful friend from Milwaukee be in favor of letting first-class, second-class, and third-class mail be handled in the same manner?

Mr. STAFFORD. I most assuredly would let the Interstate Commerce Commission determine the rates of second-class mail matter, because I know that whenever post-office officials have recommended an increased rate they are marked for slaughter. When Postmaster General Hitchcock recommended increase in second-class mail matter, what was the result? Every progressive magazine in the country opposed it, and when President Taft took up the cause of the Postmaster General he was assaulted by all the uplift magazines in the country. I would certainly approve of the Interstate Commerce Commission fixing the rate, especially parcel post, which refers largely to the cost of transportation on the railroads and other conveyances. Mr. Speaker, I object.

AMENDING SECTION 129 OF THE CRIMINAL CODE

The Clerk read the next bill on the Consent Calendar, H. R. 11057, to amend section 129 of the Criminal Code of the United States.

Mr. STAFFORD. Mr. Speaker, I have no objection to the purpose of the proposed legislation, but I rise merely to ascertain the purpose of the gentleman, whether he seeks to prohibit the sale of matter rightfully taken or information.

Mr. SUMNERS of Texas. The purpose is to prohibit both.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman from Texas may proceed for five minutes to explain the bill. It is a good bill and, if explained, will pass.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, I think I can explain the bill to the satisfaction of Members in one minute. The bill provides, and the language is clear, against the sale of documents and their contents of which possession is acquired by employees of the departments of the United States. We have had one or two scandals by employees working in the departments making sale of information, contents of documents, and so forth. This particular bill is suggested by the Department of the Interior. They would like to have this bill passed in order that their documents and information may not be peddled out to persons who want to get special privilege or special advantage over the rest of the people.

Mr. BLANTON. If the gentleman will yield, there is one instance where the department employee made a sale of Government information for \$12,000.

Mr. STAFFORD. Mr. Speaker, I have no objection to the bill.

Mr. LAGUARDIA. Reserving the right to object, the gentleman from Texas will, of course, insist on the committee amendments?

Mr. SUMNERS of Texas. Yes. I presume it is understood that we are insisting on the committee amendments.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 129 of the Criminal Code (U. S. C., title 18, sec. 235) be, and it is hereby, amended to read as follows:

"Sec. 129. Whoever, by virtue of his employment by the United States, having custody of, or access to, any record, proceeding, map, book, document, paper, or other thing specified in the preceding section, shall willfully and unlawfully conceal, remove, mutilate, obliterate, falsify, destroy, sell, publish, or furnish, or sell, publish, or furnish information contained in, any such record, proceeding, map, book, document, paper, or thing, or a copy or copies thereof, shall be fined not more than \$2,000 or imprisoned not more than three years, or both, and moreover shall forfeit his office and be forever afterward disqualified from holding any office under the Government of the United States."

The committee amendments are as follows:

Page 1, line 9, after the word "destroy," followed by a comma, insert the word "or."

Page 1, line 10, after the first word, "sell," strike out the balance of the line, and in line 11, strike out down to and including the word "in."

Page 2, line 1, after the word "thing," followed by a comma, insert the words "or any information contained therein," followed by a comma.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EDUCATION AND MEDICAL ATTENTION OF DISTRESSED INDIANS

The next business on the Consent Calendar was the bill (S. 3110) authorizing the Secretary of the Interior to arrange with States for the education, medical attention, and relief of distress of Indians, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. LAGUARDIA. Mr. Speaker, I reserve the right to object.

Mr. STAFFORD. I reserve the right to object.

Mr. KELLY of Pennsylvania. Mr. Speaker, I reserve the right to object. I recognize this as a measure that has been before the Congress for some time. In fact, I introduced a measure like it several years ago, which was intended to establish a more just method of dealing with the Indians generally. I notice the bill is changed from its original form and now applies only to the State of California. Just why was the agreement reached to eliminate this method as to other States and to permit California alone to carry it out?

Mr. LEAVITT. The gentleman will recall that I also introduced a bill of a general character several years ago, but, as is common with legislation, as it developed, it came to light that there are some States in which there is no sentiment for this sort of legislation. The movement originated in California and has been carried forward, and there is a strong sentiment there to try it out. It followed, in view of the position of the Representatives from some States who might by their opposition prevent any trial of legislation of this kind, that the proper step to take was to confine it to the State that desires it now, to try it out, and thus prove whether or not it is for the benefit of the Indians.

Mr. KELLY of Pennsylvania. The gentleman thinks that the successful operation in California will lead to the adoption of a similar method in other States?

Mr. LEAVITT. I think in some States it will come along State by State, but in some other States it will be quite some time before the conditions will bring it into effect.

Mr. BALDRIGE. What was the amount appropriated the other day for the Indians on the Indian Committee day?

Mr. LEAVITT. Nothing was appropriated on the Indian Committee day. There were authorizations that had to do with different tribes of Indians.

Mr. LAGUARDIA. I think the gentleman means the amount appropriated in the Interior Department appropriation bill.

Mr. BALDRIGE. Yes.

Mr. LEAVITT. I do not recall those figures.

Mr. JOHNSON of Washington. Whatever it was, it was considerably cut.

Mr. LEAVITT. It was not any too much.

Mr. LAGUARDIA. This seems to me to establish an intervening and additional barrier to the progress of the Indian. I remember from my old childhood days in Arizona the shameful way in which the Indians were treated at that time. Of course, I am talking about 40 years ago, and now we are trying to improve the condition of our wards. I do not know that you will improve them by removing them one step farther away from the Government control. Where is the responsibility going to rest?

Mr. LEAVITT. In many of the States, as I said, conditions are not such that this could or should be done at this time. In California, where this movement originated, it grew out of a condition quite different from that which exists in many States, in that the Indians are not there on large reservations, where the Government can have hospitals and school facilities and give them the proper supervision.

Mr. LAGUARDIA. Who is going to be responsible for their care?

Mr. LEAVITT. The Government.

Mr. LAGUARDIA. But the Government will delegate it to a State?

Mr. LEAVITT. It is intended to deal in that way in trying this out in California. These Indians are scattered in small bands and throughout the communities, and do not now have access to the same hospital facilities that the Indians in other States have or on reservations and that the white people have in California. The Government will enter into a contract with the State whereby the Indians will secure the use of existing State facilities of help and education. Of course, the gentleman knows that we now educate most of the Indian children in the public schools. This also includes the care of indigent Indians. It is intended to bring these instruments of help closer to the Indians, but the Government does not intend in this bill to let go of any of its own responsibility, but merely seeks to try, without added expense, to determine if it will work to the benefit of the Indian to give him a chance to utilize these local facilities.

Mr. LAGUARDIA. Let us be perfectly frank with each other for a moment. As the Indian is progressing now, he is commingling and is dispersed along with the general population, so that if he requires hospital care or education the State gives it to him. This seems to me to be an attempt on the part of the State of California to turn around and charge the Federal Government for something that California after all is morally and otherwise obligated to give to her citizens.

Mr. LEAVITT. But which is not given to them and which the Federal Government, with its responsibility for these Indians, believes the Indians should receive.

Mr. LAGUARDIA. I do not think that I am ready to pass on this to-day.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. STAFFORD. I think the amendment that the Committee on Indian Affairs has recommended is retrogressive. There is nothing obligatory in the bill as presented to us from the Senate that makes it mandatory on the Secretary of the Interior to enter into these contracts with any State. It is entirely in his discretion.

The gentleman is now circumscribing it so that he will not permit the State authorities of Wisconsin to enter into contracts with the Indian authorities there for their hospitalization or for their education and the like. He is so circumscribing this bill that it amounts to nothing. The test to be made, I believe, is whether we shall have a general

law that will uplift the Indians and take the charge of the Indians away from the bureaucratic government which they have been subjected to all of these years and, where conditions are favorable, allow them to enter into contracts with the State authorities for their education, or whether we will allot it to dear old go-getting California.

Mr. PARKS. Mr. Speaker, the regular order.

The SPEAKER pro tempore. Is there objection?

Mr. STAFFORD. Mr. Speaker, I object unless the gentleman will agree to the bill as it came from the Senate.

Mr. LEAVITT. I can not agree to that.

Mr. LAGUARDIA. Mr. Speaker, I object.

INTERNATIONAL PEACE GARDEN (INC.)

The Clerk called the next bill on the Consent Calendar, H. R. 10302, to provide for the transfer of certain school lands in North Dakota to the International Peace Garden (Inc.).

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. Reserving the right to object, Mr. Speaker, why should this 640 acres of Government land be transferred to a private corporation?

Mr. HALL of North Dakota. It is for a public purpose.

Mr. BLANTON. What kind of public purpose?

Mr. HALL of North Dakota. The planting of flower gardens, botanical gardens, to be used by the public of the United States and Canada.

Mr. BLANTON. Are we to furnish flower gardens for everybody in the Nation?

Mr. HALL of North Dakota. No, sir.

Mr. BLANTON. We have not furnished any for New York or Texas.

Mr. HALL of North Dakota. No; but this is for the public. It is a public international garden on the boundary to commemorate the peaceful relations existing between the two nations.

Mr. BLANTON. But belonging to a private corporation.

Mr. HALL of North Dakota. Only so long as it is used for that purpose. When it is not so used, the land reverts to the State.

Mr. BLANTON. Mr. Speaker, I believe in flowers. I like to send flowers to the living and not to the dead, and I believe in beautifying the country, and I believe in beautifying this State of North Dakota, but not at Government expense.

Mr. HALL of North Dakota. It is not a commercial enterprise, and a committee representing the people of Manitoba and North Dakota has been appointed whose business it will be to arrange that the area adjacent to the garden will not be available for commercial purposes.

Mr. BLANTON. If we could give 640 acres of land for a flower garden to every district in the United States, I would vote for it in a minute.

Mr. BURTNESS. Will the gentleman yield?

Mr. BLANTON. Certainly.

Mr. BURTNESS. The gentleman suggests that the Federal Government is giving 640 acres of land to a private corporation. The Government is not giving anything which it owns at this time under the terms of this bill. It simply gives consent to the Legislature of the State of North Dakota to determine whether it is willing to turn over 640 acres of so-called school land to this very fine idealistic proposal in which many splendid people of the two Nations affected are interested. All that this bill does is to wipe out certain limitations with reference to the transfer by the State of this one section, a portion of our lands held in trust for the benefit of our schools.

Mr. BLANTON. This Government, for the benefit of the school children, had this land set aside to take care of their school training for the next hundred years. If this bill is passed, it would permit the legislature of the gentleman's State to take 640 acres of land which the Government set aside for the school children of that State and turn it over to this private corporation that is called a flower-garden association.

Mr. BURTNESS. That is correct; but I think the people of North Dakota can be trusted, through their legislature, to safeguard the interests of their school children. These lands will not be wasted. Their use will in this way be for the permanent benefit of coming generations of the children of the whole country, and if the gentleman will simply investigate the splendid work already done by the Peace Garden Association, I believe that he himself will go out among the school children of his own district and in his own State and get them interested in this International Peace Garden, which is to stand there as a living monument for peace and to commemorate the friendly relations that have existed between the United States and the Dominion of Canada for more than a century. This association is not a profit-making association or anything like that. It is not a money-making scheme. It is proposed to raise an endowment fund of four or five million dollars largely by small 5 and 10 cent contributions made by the school children of the countries of the Dominion of Canada and the United States of America, coupled with contributions by people greatly interested.

It will be something unique in the history of the North American Continent, and I know the gentleman, if he will simply look into it, will be tremendously interested in helping this very idealistic and, I think, practical proposition.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I reserve the right to object just in order to ask a question or two. Does the gentleman think he is going to bring about international peace by establishing a 640-acre flower garden in North Dakota?

Mr. BURTNESS. Of course, the question is almost ridiculous.

Mr. BLANTON. What do the warring nations of the world care about a flower garden in North Dakota? That does not deter them from warlike preparations.

Mr. BURTNESS. Of course, the gentleman knows that his question is more or less a simple one. To begin with, this garden is not going to be 640 acres. It will be several times that large, consisting of lands on both sides of the border. It is along the right idea, in any event, to make nations think in terms of peace. Our example may well contribute in a small way to the peace of the world.

Mr. BALDRIGE. Mr. Speaker, regular order.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I object.

DEPARTURE OF CERTAIN ALIENS FROM THE UNITED STATES

The Clerk called the next bill on the Consent Calendar, H. R. 7793, to secure the departure of certain aliens from the United States.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to inquire whether the character of this legislation has been submitted to the State Department to ascertain whether the Secretary of State would think it would result in any friction in our diplomatic relations, requiring a bond to be given for the return of a consul or any member of his family when the exequatur would be terminated?

Mr. CABLE. The bond does not apply to any member of the diplomatic corps entering the country.

Mr. STAFFORD. It applies to a person who may be named consul.

Mr. CABLE. No. The bond applies only in certain cases of students coming to this country.

Mr. STAFFORD. Oh, there is a twofold purpose.

Mr. PARKS. Mr. Speaker, a point of order.

Mr. STAFFORD. Will the gentleman not let us have a little time for discussion?

Mr. PARKS. Not unless I can hear what the gentleman is saying. This occurs to me to be a very important matter and I can not hear the gentleman.

Mr. BLANTON. Will the gentleman yield?

Mr. CABLE. Certainly.

Mr. STAFFORD. Mr. Speaker, reserving the right to object—

Mr. BLANTON. The main thing that this bill does is to require students who come to the United States to give bond requiring that they will go out when the time comes. Is not that so?

Mr. CABLE. That is a minor part of the bill. The important part of the bill is that it undertakes to plug up certain holes in our immigration dike. Under our present procedure foreign ambassadors or diplomats coming to the United States bring their own servants and employees. In the last seven years they have brought in 14,000 such servants and employees.

Mr. BLANTON. And how many have they ever taken out?

Mr. CABLE. We have no record of that. These servants and employees coming to this country in this way do not pay a head tax and are not subject to examination to see if they are physically or mentally fit. They do not pass any of our immigration tests, and under present law they can quit their jobs the day after they get here and take jobs of Americans.

Mr. BLANTON. And this bill will make them go back when they cease employment?

Mr. CABLE. That is correct.

Mr. BLANTON. It is a good bill and ought to pass.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, why is there no report from the department on this bill?

Mr. CABLE. I am glad the gentleman has asked that question. The Department of State requested that a bill be introduced to take care of the assistants and employees of ambassadors and diplomats, and the chairman of the committee, the gentleman from New York [Mr. DICKSTEIN], did introduce such a measure; but my bill also included the requiring of bond for students in certain cases, and the committee reported out the bill that I introduced in preference to the bill of the chairman of the committee.

Mr. STAFFORD. Is the department in favor of this bill?

Mr. JOHNSON of Washington. Yes; the department is in favor of it.

Mr. STAFFORD. Mr. Speaker, I have the floor; but I have not had an opportunity to get in one word.

Mr. Speaker, reserving the right to object, the gentleman originally stated that this applied only to a certain class of people, and I was certain that it did not, because I have read the report.

Now, my objection is to the student feature. I do not want any law to be passed that will put a penalty upon persons from foreign countries seeking the educational advantages of our country. The report does not show that students who have come over here for an education have abused that privilege. However, the report does show that those connected with the diplomatic service as employees have abused the privilege by continuing to reside here without lawful permission.

I wish to ask the gentleman as to the character of bond that would be required and what would be the premium exacted of these persons seeking the advantages of our educational institutions, who come to imbibe the spirit of our institutions, if we impose this character of legislation.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman may have five minutes more.

Mr. STAFFORD. I only had one minute.

The SPEAKER pro tempore. The gentleman may proceed until the regular order is demanded.

Mr. CABLE. I would like to answer the gentleman's question. In the first place, as I have said before, the main feature of the bill is that which applies to servants and employees coming here in the diplomatic service and remaining here illegally after termination of their status as diplomatic servants or employees.

Mr. STAFFORD. Answer my question, please.

Mr. CABLE. I will. The second provision of the bill applies to certain students. The Department of Labor has discretion to require a bond to be given in certain cases. It is not mandatory. In a large number of cases it would

not be required, but if a certain student could not qualify under the present law this would make it mandatory that the Department of Labor admit such student upon the giving of a bond.

Mr. STAFFORD. As I read the gentleman's amendment, it is mandatory upon the department to require every student who comes to this country to give a bond. What will be the cost of the bond?

Should we exclude a student who wishes to come to this country to seek the educational advantages of this country?

Mr. BALDRIGE. Regular order, Mr. Speaker.

The SPEAKER pro tempore. The regular order is, Is there objection?

Mr. STAFFORD. I object.

Mr. CABLE. Mr. Speaker, I ask unanimous consent to extend my remarks on this bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. CABLE. Mr. Speaker, illegal entry of aliens into the United States is not the only means of breaking down our restrictive-immigration policy. The more legal restrictions we place upon the inward flow of population, the greater becomes the pressure to enter. Our immigration laws contain exceptions whereby thousands have been lawfully admitted under diplomatic immunity. They quickly terminate their services with foreign diplomats, throw off the cloak of immunity, and because of a loophole in the law, remain in the United States.

I call attention to the fact that a large number of aliens are admitted each year as attendants, servants, and employees of foreign-government officials. For the seven fiscal years that the present quota law has been in effect, 14,047 aliens have been admitted under the last proviso of section 3 of the immigration act of February 5, 1917, which reads as follows:

That nothing in this act shall be construed to apply to accredited officials of foreign governments, nor to their suites, families, or guests.

The annual admission of these attendants, servants, and employees during the last five fiscal years has been as follows: 1927, 2,454; 1928, 2,608; 1929, 2,873; 1930, 2,671; and 1931, 1,733. These people are admitted without regard to any of the provisions of our restrictive immigration laws. They do not have to pay a head tax; they are not affected by the quota, nor do they even comply with the physical or mental requirements of the immigration act of 1917.

The bill I have introduced, H. R. 7793, and which has been reported favorably, would require that all such attendants, servants, and employees depart from the United States upon the termination or change of their privileged nonimmigrant status; if they fail to depart voluntarily, they would be subject to deportation. To effect such departure or deportation, it is necessary to amend section 15 of the immigration act of 1924, and my bill contains the necessary amendment. It is the opinion of both Department of State and Department of Labor officials that many of these aliens now remain here, compete for positions with Americans and aliens lawfully in the United States, and that such legislation as is provided by this bill should be enacted.

My bill also provides an amendment of section 15 of the 1924 immigration act relative to the status of alien students admitted to the United States for a definite study period. The present law is inadequate to deal with alien students. In his Annual Report for 1931 the Commissioner General of Immigration states, on page 45:

When either persuasion or instructions have failed, it infrequently becomes necessary to resort to arrest procedure against these students to compel departure, and 410 warrants contemplating deportation have been issued in the past seven years. The bureau is most patient and liberal with these young people and overlooks many departures from the strict interpretation of the laws and regulations, as it wishes to afford the aliens every opportunity to complete their education, providing a reasonable amount of good faith is shown. However, it would be to the distinct advantage of the service if the law could be amended, as has been before recommended, so as to permit in doubtful cases the exaction of bonds guaranteeing maintenance of the student status and departure at the completion of studies. This would be an

added protection and would justify the conditional admission of many applicants who have been excluded at ports in the past years because of grave doubts of the bona fides of their declared intentions and standing as students.

In other words, the absence of authority for the Bureau of Immigration to take or require bonds of foreign students applying for admission to the United States, is a distinct handicap to many such students and to the Government as well. It is a handicap to the Government because it makes extremely difficult the work of keeping track of these students and compelling their departure after the student status is terminated. It is a handicap to foreign students because in many cases they are unable to prove their bona fide status. Whenever there is a doubt along this line under the present law, that doubt must necessarily be resolved in favor of the Government, and student applicants in these cases are excluded. If the bureau were authorized to require bonds in doubtful cases, any such doubt could be resolved in favor of the applicant.

If H. R. 7793 should become law, it would benefit American labor. It would compel nonimmigrant diplomatic attendants, servants, and employees from remaining in the United States unlawfully after termination of their privileged status. It would enable the Bureau of Immigration to require departure bonds of foreign students. Aliens in either of these classes then could be deported, if they do not depart voluntarily. No longer would they be able to remain here to compete with American workmen by taking their jobs.

Vigilance is ever necessary to maintain our policy of restrictive immigration.

RETIRED WARRANT OFFICERS

The Clerk called the next bill, S. 460, to give war-time commissioned rank to retired warrant officers and enlisted men.

Mr. BLANTON. Mr. Speaker, reserving the right to object, I want to ask the gentleman a question. I understand that this bill has been so amended that it will cost the United States Government nothing.

Mr. KVALE. Not one cent, I will say to the gentleman.

Mr. BLANTON. And the gentleman will see to it that when this bill goes to the President that part which has been put in here which protects the Treasury will not be disturbed before it becomes law?

Mr. KVALE. It has already passed the Senate in the form recommended by the Secretary of War.

Mr. PARKS. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. PARKS. Where it requires three objections to defeat the passage of a bill or delay it, can one Member, by reserving an objection, hold up the matter indefinitely?

The SPEAKER. He certainly can, if no Member demands the regular order. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That all warrant officers and enlisted men who served in the Army, Navy, Marine Corps, or Coast Guard of the United States during the World War or the Spanish-American War, and whose service during such war was creditable, and who have been or hereafter may be retired according to law, shall on the date of approval of this act or upon retirement in the case of those now on the active lists of the services named herein, be advanced in rank on the retired list to the highest commissioned, warrant, or enlisted grade held by them during such war: *Provided*, That nothing in this act shall entitle any of the personnel described herein, while on active duty, to any other rank than that in which they were serving at the time of retirement: *And provided further*, That no increase in active or retired pay or allowances shall result from the passage of this act.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

LIQUIDATING INDEBTEDNESS OF FARMERS' IRRIGATION DISTRICT, NEBRASKA

The Clerk called the next bill, H. R. 10748, for liquidating bonded and other outstanding indebtedness of the farmers' irrigation district, Nebraska.

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

AMENDMENT OF THE RADIO ACT OF 1927

The Clerk called the next bill, H. R. 11155, to amend the radio act of February 23, 1927, as amended (U. S. C., Supp. V, title 47, sec. 85), and for other purposes.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I understand that under existing law licenses to operators of stations can only be granted to citizens of the United States.

Mr. DAVIS. That is true. The present law specifically provides that licenses for radio stations shall only be granted to citizens of the United States. There is not such a requirement with respect to licenses granted to radio operators.

Mr. STAFFORD. If the gentleman will permit at that point, I know in my home city any number of aliens, admitted to this country lawfully, who would like to be American citizens but who can not qualify for citizenship because of the strict educational requirements. This bill shows there are 67 aliens—and I assume they are qualified to become citizens of this country—who are operating on vessels. Why should you deprive those men of a livelihood—men whose hearts are in sympathy with the purposes of this Government—because they can not meet the strict requirements of citizenship?

Mr. DAVIS. On the other hand, there are thousands of American citizens who have radio licenses and who are out of employment. There are 37,000 radio licenses, and there are thousands held by American citizens who are out of employment. We insist their rights are superior to those of aliens.

Mr. STAFFORD. But suppose a man is in this country properly but has not the educational qualifications to meet the acid requirements of the naturalization laws? Why should he be barred from the privilege of having a radio license and deprived of making a living just because he can not meet those strict educational requirements?

Mr. DAVIS. I want to state that if he has not the qualifications necessary to qualify for citizenship in the United States, he can not be an efficient radio operator.

Mr. STAFFORD. He qualifies for admission to the United States, but he can not qualify for citizenship. The qualifications for radio operation are technical, but those for citizenship partake of strict educational requirements.

Mr. BALDRIGE. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is: Is there objection?

Mr. STAFFORD. I object.

AMENDMENT OF NAVIGATION RULES FOR THE GREAT LAKES

The Clerk called the next bill, S. 3908, to amend title 33, chapter 4, section 252, paragraph a, of the navigation rules for the Great Lakes and their connecting and tributary waters.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I am somewhat acquainted with the purpose of this bill and I assume it seeks to lift the present restrictions against the *Englewood* and *Chester*, which were built by the Ford Motor Co., for operation on the New York barge canal. Because I am acquainted with the construction of that character of barge, I am wondering whether the requirements of 20 feet above the hull could be met in going under bridges along that canal.

Mr. DAVIS. I think so. This legislation is recommended by the Bureau of Navigation and it has the approval of the Lake Carriers' Association. The occasion for it is that there are certain bridges so low that the lights must be lowered or they will be operating in violation of the law.

Mr. STAFFORD. If I had not actual acquaintance with the two vessels referred to, I would not controvert the gentleman's position, but I do not believe the 20-foot requirement is adequate to meet the navigation requirements of those two vessels.

Mr. DAVIS. I am sure the Bureau of Navigation thinks so.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and Their Connecting and Tributary Waters, approved February 8, 1895, be, and it is hereby, amended as follows:

"Sec. 252. Lights of steam vessels under way:

"Rule 3. Except in the cases hereinafter expressly provided for, a steam vessel when under way shall carry:

"(a) On or in front of the foremast, or if a vessel without a foremast, then in the fore part of the vessel, at a height above the hull of not less than 20 feet, and if the beam of the vessel exceeds 20 feet, then at a height above the hull not less than such beam, so, however, that such height need not exceed 40 feet, a bright white light so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass, so fixed as to throw the light 10 points on each side of the vessel, namely, from right ahead to two points abaft the beam on either side, and of such character as to be visible at a distance of at least five miles: *Provided, however,* That such vessels built to navigate the New York State Barge Canal or other similar canals where the bridges prevent them from carrying the headlight at the height prescribed herein, shall carry such headlight not less than 20 feet above the hull."

SEC. 2. This act shall take effect April 15, 1932.

With the following committee amendment:

On page 1, strike out all of lines 3, 4, 5, and 6, line 1 on page 2, and insert:

"That the first two paragraphs of rule 3 under the heading 'Lights' in the first section of the act entitled 'An act to regulate navigation on the Great Lakes and their connecting and tributary waters,' approved February 8, 1895 (U. S. C., title 33, sec. 252), are amended to read as follows: "

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

The title was amended.

REMOVAL OF LIMITATION UPON FILLING OF VACANCY OF DISTRICT JUDGE FOR NEW JERSEY

The Clerk called the next bill, H. R. 5342, to provide for the appointment of an additional district judge for the district of New Jersey.

Mr. LA GUARDIA. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

PAYMENT OF \$100 TO EACH ENROLLED CHIPPEWA INDIAN OF THE RED LAKE BAND OF MINNESOTA

The Clerk called the next bill, H. R. 8393, providing for payment of \$100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota from the timber funds standing to their credit in the Treasury of the United States.

Mr. GOSS. Mr. Speaker, I reserve the right to object. I want to inquire if the committee would be willing to accept an amendment of \$25 in line 7, page 1, as well as in the title of the bill, instead of \$35. It seems that the report of the commissioner recommended \$25 instead of \$35.

Mr. LA GUARDIA. It is their own money, is it not?

Mr. GOSS. Yes; but the fund is being exhausted, and I understand from the report that there is very little more, if anything, to go into the fund. I shall not object if my amendment is accepted.

Mr. LEAVITT. Will the gentleman yield?

Mr. GOSS. I yield.

Mr. LEAVITT. I do not see other members of the Indian Affairs Committee here, and I am not authorized to act for the committee. What I would prefer to have the gentleman do would be not to object, but to offer the amendment, and I can assure the gentleman I shall not interpose any objection. I do not like to take the responsibility of the committee accepting it.

Mr. GOSS. Mr. Speaker, with the understanding the committee will not object to the \$35 being reduced to \$25, I shall offer such an amendment and withdraw my objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to withdraw from the Treasury so much as may be necessary of the principal timber fund on deposit to the credit of the Red Lake Band of the Chippewa Indians of the State of Minnesota and to make therefrom payment of \$100 to each enrolled Chippewa Indian of the Red Lake Band of Minnesota, under such regulations as such Secretary shall prescribe. No payment shall be made under this act until the Chippewa Indians of the Red Lake Band of Minnesota shall, in such manner as such Secretary shall prescribe, have accepted such payments and ratified the provisions of this act. The money paid to the Indians under this act shall not be subject to any lien or claim of whatever nature against any of said Indians.

With the following committee amendment:

Page 1, line 7, strike out "\$100" and insert "\$35."

Mr. GOSS. Mr. Speaker, I offer an amendment to the committee amendment, striking out \$35 and making it \$25.

The Clerk read as follows:

Amendment offered by Mr. Goss: Page 1, line 7, strike out the committee amendment of "\$35" and insert "\$25."

The amendment to the committee amendment was agreed to.

The committee amendment, as amended, was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended.

ALTERNATE JURORS IN CERTAIN CRIMINAL CASES

The Clerk called the next bill, H. R. 10587, to provide for alternate jurors in certain criminal cases.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, this is a rather important bill. I gave it some consideration and the thought occurred to me during my consideration of the matter, whether it would be a feasible proposal to provide that before the trial the judge might submit for waiver to the counsel for the defense that in case any of the jurors should become invalidated or incapacitated during the trial of the case that the trial would go ahead with the remaining number of jurors, not less than 10, rather than to provide for the surplusage of two jurors always being present to meet such a contingency. My thought is to have a double-barreled provision—first, to submit to the attorneys the question whether they will agree that in case any two jurors become incapacitated they will waive their right; and, second, if they will not, then the provision that the gentleman suggests to become operative.

Mr. SUMNERS of Texas. Mr. Speaker, I have just been advised by my colleague from Massachusetts that in some of the States they have arrangements under which, if a juror becomes incapacitated to proceed, they permit the remaining jurors to return a verdict. We did not consider in the committee the matter suggested, but speaking for myself do not believe the House would agree to a provision for a verdict by a jury of less than 12 men.

Mr. STAFFORD. If the gentleman will permit, my suggestion was that if it were approved by the counsel. In Wisconsin we permit in civil actions a verdict of 10 men out of a jury of 12, and my suggestion involved the idea that counsel for the accused and counsel for the prosecution shall agree that if this condition develops then the verdict of the remaining capacitated jurors will be accepted as the verdict of the full jury.

Mr. SUMNERS of Texas. Personally, I would not object, but the matter was not considered by the committee and I would not assume responsibility of speaking for the committee.

Mr. STAFFORD. I am sympathetically inclined to the bill. Would the gentleman have any objection to passing it over for two weeks?

Mr. SUMNERS of Texas. That would be all right.

Mr. STAFFORD. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PURCHASING POWER OF THE DOLLAR

Mr. STEAGALL. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar.

Mr. SNELL. Mr. Speaker, I make the point of no quorum. It is an important matter that is coming up now, and we ought to have a quorum here.

The SPEAKER. The Chair will count.

Mr. SNELL. Mr. Speaker, I withdraw the point of no quorum.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"Sec. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

Sec. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

Sec. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Mr. McFADDEN. Mr. Speaker, I demand a second.

Mr. STEAGALL. I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the time for debate be extended 20 minutes so as to make the whole time one hour, one-half to be controlled by myself and one-half by the gentleman from Pennsylvania [Mr. McFADDEN].

The SPEAKER. Is there objection?

Mr. McFADDEN. Reserving the right to object, I being opposed to the bill, and the gentleman from Alabama in favor, how will the time be divided? Shall I yield on this side to gentlemen in favor of the bill?

Mr. STEAGALL. I do not apprehend that there will be any difficulty about that, unless the gentleman should desire to use all the time in his own right. I hope the gentleman will be able to accommodate those in favor of the bill on this side.

Mr. McFADDEN. I have requests from three Members, which will take about 20 minutes. I think we can take care of that.

Mr. HUDDLESTON. Reserving the right to object, does the gentleman from Alabama expect to yield time on this side to those opposed to the bill?

Mr. STEAGALL. I have not figured out the details in the allotment of time yet.

Mr. MAPES. Reserving the right to object, it seems to me that inasmuch as general debate on the bill is going to be confined to 1 hour that we ought to have a real discussion of it, and 30 minutes of the time ought to be yielded to those opposed to the legislation.

Mr. STEAGALL. That is the request.

Mr. MAPES. But the gentleman said that he did not think there would be anyone on his side in opposition to the bill.

Mr. McFADDEN. The demands I have on this side are mainly those in favor of the bill.

Mr. STEAGALL. If that is true, if the gentleman will take care of the opposition on his side, I will help him take care of the other.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. STEAGALL. Mr. Speaker, this bill represents years of careful study and mature deliberation, and it is reported as the unanimous judgment of the Banking and Currency Committee of the House. Extended hearings have been held on this legislation during two former sessions of Congress. Extended and thorough hearings were conducted during the present session by a subcommittee of the Banking and Currency Committee, consisting of five of the ablest and most painstaking members of that committee. Then, after hav-

ing been carefully gone over from day to day, it was finally written as the deliberate conclusion of the entire membership of the Banking and Currency Committee of the House. No legislation since I have served on that committee was ever more fully discussed or more seriously and thoroughly considered.

The proposal is not radical. It is not extreme; it is not dangerous. It is conservative and constructive. It comes before you with a unanimous report of the committee, after hearing discussions by many of the ablest economists of the country, by members of the Federal Reserve Board, and persons in other positions of high authority. It is backed by nation-wide sentiment among farmers and business interests throughout the country.

The original Federal reserve law as reported by the Banking and Currency Committee of the House in 1913, contained a provision in substance the same as that which is now before the House. But, due to the extreme caution and conservatism that characterized the deliberations of Congress in connection with the passage of the Federal reserve law, it was stricken from the bill. The law represented a progressive step of far-reaching import. It encountered severe opposition and, as is always the case, compromises were effected, and in that way the provision was eliminated.

But experience has demonstrated the correctness of the views and the judgment of those who at that time favored the incorporation of such a proposal in the original reserve law.

Mr. Speaker, we are no longer operating our financial machinery under the old system of silver and gold as a basic measure of value in the United States. So long as that was done, the mining of our basic money metals was carried on in a way that maintained a steady supply, keeping pace with our growth and development. Gold and silver circulated freely, and natural laws played a big part in the supply.

But with the Federal reserve system we have departed from that, and we now have in this country, whether we desire it or not, what is called a controlled credit and currency measure of value. We have had that whether we knew it or not, ever since the enactment of the Federal reserve act. All we attempt in this bill is to recognize that power of the Federal Reserve Board to declare the policy of Congress in the use of that power, and to follow up that provision of the law by a direction to the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to employ that power to promote a normal price level by fixing the value of money as provided by the Constitution and to maintain stability of values in the United States, to establish and promote a stable measure of values, and, so far as in their power lies, to prevent the recurring periods of price falling, with resulting depression and panic, such as have come upon the country on different occasions during the past decade.

We saw this power demonstrated in 1920 and 1921. I am not here to abuse anybody or to recite history, but, Mr. Speaker, we saw credit contraction and currency restriction in the United States during that period in the amount substantially of \$2,000,000,000, and prices were cut in half as if by one stroke of a pen and the country plunged into panic. Farmers were thrown into bankruptcy, merchants and bankers had their loans called, and commodity values were crushed. Confusion and distress spread throughout the land as a result of that policy. Later the mistake was discovered, the policy was reversed, and expansion and liberal credit substituted for the practices that had obtained, and prices revived, and under the changed order prices were more or less stable and we had a revival of normal activity and prosperity in the United States for a number of years.

I am not here to fix blame nor to criticize, but in 1929 again there was a horrible contraction of currency and of credit in the United States and a decline in commodity prices that brought depression and panic and a wave of bank failures and bankruptcy to farmers, merchants, and all classes throughout the United States, largely as the result of that policy.

What we attempt to do in this bill is to direct the Federal Reserve Board to use their powers, their rediscount regulations, their open-market operations, by purchasing securities in the open market, so as to release currency and expand credit and thereby ease the strain on the banks, the farmers and merchants, and other business interests in the United States. The record shows that they have the power to do it; the law confers the power; members of the Federal Reserve Board, themselves, acknowledge they have the power. The Secretary of the Treasury stated in an address in New York a night or two ago substantially what I have said to you as to the power which the Federal Reserve Board now possesses through its managed currency, to restore price levels.

I refer to an address delivered by the Secretary of the Treasury at the annual luncheon of the Associated Press in New York on April 25, 1932, in which he said:

This leads us to the latest feature of the program of financial reconstruction. It must not be forgotten that the events which have taken place have greatly curtailed those funds which constitute reserves and therefore form the basis for credit expansion. We have lost since September approximately \$640,000,000 in gold, and in addition currency still hoarded must be well in excess of \$1,000,000,000. The Federal reserve program of buying governments, which has been in progress now for some weeks, would thus be fully justified on the grounds of replacing exported gold and hoarded currency.

But I believe that there is more to be said in favor of such a policy. With the collapse of our banking system definitely halted and with our commercial and industrial organization still in a state of extreme strain, what would appear to be required now is the stimulus of credit expansion, supported by a liberal policy of the Federal reserve system, such as it is pursuing at present, and regulated in its development by that system. With a gradual restoration of confidence at home, with greater stability abroad, with a new banking law increasing the amount of disposable gold, the situation is auspicious for carrying through an easy-money policy as long as it remains under control, and does not develop into uncontrolled inflation. The means of control lie in our official banking organization, and the machinery of that organization provides a method of solving such difficulties and dangers as may arise. Controlled credit expansion is only possible through the operation of that system. I emphasize this to bring out the contrast between controlled expansion of this kind and pure inflation, such as is involved in proposals now before the Congress for printing fiat currency, or such as would result ultimately from a long succession of unbalanced budgets.

Why not have Congress indorse and direct a continuance of this policy? Any other course means the continuance of the present downward trend in prices. It means bankruptcy; it means to close out and a start over for the masses of the people throughout the United States. A reasonable amount of expansion of credit and of currency will ease the banks and release the assets of the banks which are now frozen. The Federal Reserve Board can substitute currency for securities now in the banks. When the banks receive such currency, they will buy more securities or make loans and again exchange their securities for currency and get more money from the Federal reserve banks. This will be repeated and carried on until at home and even abroad these transactions will be felt until credit is eased. This will revive trade and business at home, and finally it will be felt by those who purchase in America, and all along the line the prices will be lifted at least toward the level that obtained during the period from 1921 to 1929. Our people can not pay debts in dollars that are worth twice what they were when those debts were contracted. It is not fair to expect it. The creditor class filled the press and the mails with protests at what they termed dishonest dollars in 1926, dollars which they said meant partial repudiation. If it was dishonest to pay debts with cheaper money than contracted for, it is equally dishonest to require payment of debts in an appreciated currency.

If this plan fails as predicted, no harm can result. The power upon which we rely will be in safe and prudent hands. We can not afford to drift on as we are doing now. It is unpardonable that people must lose their homes, their life savings, and be turned out of employment in the midst of abundant harvests and enormous production of our factories. The cry of overproduction is unsound. It is worse, it is ridiculous. Bountiful harvests, industrious labor, fruitful soil, abundant production of the things useful for man-

kind are not curses. These things should mean more comforts, more happiness, and prosperity. The trouble is in our method of distribution, and this results in part, at least, from an unstable currency. Let us face the problem and solve it as becomes statesmen.

Mr. WOODRUFF. Mr. Speaker, will the gentleman yield?

Mr. STEAGALL. I regret very much that I must decline. I would like very much to yield, but there are several members of the committee who have given much thought to this legislation and I desire to save some of the time for them. I reserve the remainder of my time.

Mr. WOODRUFF. Will the gentleman not include as a part of his remarks the speech of the Secretary of the Treasury delivered in New York, to which he referred?

Mr. STEAGALL. I thank my friend, and I shall be glad to follow his suggestion. [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, do you gentlemen know what this bill is? Let me read it to you; it is only three or four lines:

It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.

This is the Congress of the United States, and the Congress is hereby declaring that the policy is that the average purchasing power of the dollar shall be restored and maintained. Do you gentlemen honestly believe that the Congress of the United States can maintain the average or any other purchasing power? Why, we have laws that absolutely prohibit that very thing. Every law in relation to monopoly is based on the fundamental right of a man to do business in his own way, and the antimonopoly law prohibits the establishing of a monopolistic purchasing power. It reminds one very much of the nine tailors of Tooley Street who started out a petition, "We, the people of England." That is what is sought to be accomplished here.

In the second paragraph we find the bill provides:

The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

What are you doing with the statutory law concerning our coins that requires the Secretary of the Treasury to maintain the parity of our paper money, our silver money, our copper money to and with gold, so that we have full 100 cents in the dollar value? This bill does not question whether there shall be 23.22 grains of pure gold in the dollar.

This does not touch the gold dollar or the question of silver. This is just a lot of words which say only that "the policy of the United States shall be that the Federal Reserve Board and the Secretary of the Treasury shall maintain the average purchasing power of the dollar."

The whole question of money and credit is involved in this one sentence. Our money is not made by the ipse dixit of 8 or 10 words. What about the words which say that the Secretary of the Treasury shall keep and maintain the parity of all our money together? That is what we want. We want our money held as sound money. I have talked about silver at different times. I have suggested that we put some more silver into the money base in this country, so that there will be more solid metal in the money base for all money and all values. The question is being discussed before the Committee on Coinage, Weights, and Measures. I have attended the meetings of that committee. I have attended the meetings of the Committee on Banking and Currency. I have talked with economists and bankers and scientists to get the truth of the situation. The remedy is not what this bill proposes or anything which the United States Government is going to control by this kind of bill. If we have some law that will make the banks use the money that is in the banks, then something might be done in connection with purchasing power and credit; but this bill does not authorize the use of money, continue the use of money,

make paper money or silver money, or do anything except to order the Secretary of the Treasury to control and make the average purchasing power of the dollar.

The last sentence of the bill is section 3, and reads:

Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

What does that mean? How far does it go? I submit that it authorizes the Secretary of the Treasury to set aside the statute which requires our money to be maintained on a parity—gold, silver, and paper always at par. Look at it. Read it over.

If the Federal Reserve Board, charged with making effective the average purchasing power of the dollar, decided to stop gold payment to control the volume of credit and currency by this general repeal, the full power is vested. Never in the history of this country has so drastic and despotic power been vested in any Cabinet officer or bureau of the Government.

The SPEAKER pro tempore. The time of the gentleman from Colorado has expired.

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Speaker, from the time I was in college until to-day I have always opposed inflationary movements that sought to debase our currency. There is a fundamental principle that I learned years ago that if any government seeks to introduce debased currency, it drives out sound currency. That was the vice of the silver movement of 1890, and the fears of the financiers at that time was that if people went on buying silver ad infinitum when there was no demand for it, it would ultimately drive out the gold dollar and place the country on a silver basis.

This is the worst bill that can be precipitated at this time, when countries abroad and everywhere are looking to the United States to see whether they will maintain the gold standard. Millions and millions of dollars of the earmarked gold of foreign countries are being withdrawn weekly, because foreign governments are fearful that the United States will not maintain the gold standard. What does this mean? Nothing more than instead of having gold back of the currency we will issue a mandate to the Secretary of the Treasury and the Federal Reserve Board to issue fiat money, the consequence of which will only be one, and that to create an additional scare in the financial and banking world to that which already exists.

The administration has been doing everything within its power to try to restore confidence. A few months ago millions upon millions were being withdrawn from banks by skeptical depositors and put into Government bonds and into safe places because they feared the banks would not be able ultimately to meet their obligations. Now we are seeking to establish an artificial basis for prices by having the Government use its printing presses to turn out paper money. For what purpose? To establish prices on a certain inflated basis.

Mr. DISNEY. Will the gentleman yield?

Mr. STAFFORD. I decline to yield at this time.

Mr. RAMSEYER. Will the gentleman yield?

Mr. STAFFORD. I decline to yield.

Mr. RAMSEYER. I want to know where the printing-press provision is.

Mr. STAFFORD. That is its very purpose. By this bill you are seeking to drive the Federal Reserve Board and the Secretary of the Treasury to issue billions of currency which the country can not absorb and for which there is no commercial demand.

By the bye, for the last two weeks, ever since Governor Meyer and Governor Harrison testified before the Committee on Banking and Currency, I have been daily seeking to get copies of their hearings and they are not available. The hearings containing the testimony of Mr. Meyer and Mr. Harrison are not available, but the statements of the inflationists who believe, by artificial means, by increasing the amount of currency, they can raise prices, are available.

Mr. DISNEY. Will the gentleman yield?

Mr. STAFFORD. I decline to yield.

This is a law that seeks to interfere with the natural order and to establish an artificial order, trying to inflate, while everyone concedes that in 1929 there was undue inflation, by reason of brokers' loans and of other rife gambling conditions. The only sound condition to follow after that gambling debauch was to squeeze out the water of prices, and get prices down to represent real and not stimulated inflated prices. Now we are seeking, by artificial means, to stimulate, to inflate, to blow up the financial balloon, and then go to the cotton farmer and the wheat farmer and say, "We passed a law that will bring relief," when they know better that it can not bring relief. That their commodity prices are determined by the world market through the inexorable operation of the law of supply and demand. This is a panacea for our economic ills as ill advised as most of the financial heresies that come out of Kansas and Iowa during periods of economic depression.

Pass this bill and watch the financial barometer become murky with the call for increased withdrawal of gold by foreign governments.

The SPEAKER pro tempore. The time of the gentleman from Wisconsin has expired.

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that the debate be extended an additional 30 minutes.

The SPEAKER pro tempore. The gentleman from Alabama asks unanimous consent that the general debate be extended 30 minutes, one half to be consumed by himself and the other by the gentleman from Pennsylvania [Mr. McFADDEN].

Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I have an arrangement with the gentleman from Pennsylvania whereby I will consume 20 minutes and the gentleman from Pennsylvania will consume 10 minutes.

Mr. STRONG of Kansas. Mr. Speaker, the gentleman has an agreement with the gentleman from Pennsylvania different from the one the Chair announced.

The SPEAKER pro tempore (Mr. McCORMACK). The Chair has submitted the request, and the Chair understands that the additional 30 minutes is to be divided between the gentleman from Pennsylvania and the gentleman from Alabama, the gentleman from Alabama to utilize the additional 15 minutes in favor of the pending bill and the gentleman from Pennsylvania to utilize his 15 minutes in opposition to the bill.

Mr. STEAGALL. Mr. Speaker, the gentleman from Pennsylvania agrees that I am to have 20 minutes of the additional 30 minutes.

The SPEAKER pro tempore. The Chair, of course, is not a party to any private agreement; but the Chair will bear in mind the fact that there is such an agreement and will try to conform with the private agreement of the two gentlemen.

Mr. LAGUARDIA. Mr. Speaker, the time is under the control of the gentleman over here.

The SPEAKER pro tempore. The Chair will put the additional unanimous-consent request with reference to the 30 minutes unanimously agreed upon, that 20 minutes of the 30 minutes be utilized by the gentleman from Alabama. Is there objection?

Mr. McFADDEN. I recognize the understanding that the chairman of the committee has entered into with me, and I understand that he is to yield to those in favor of the bill, while, so far as I am able, I am to take care of those in opposition, and to serve that purpose the gentleman from Alabama is to have 20 minutes of the time and I am to have 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. STEAGALL. Mr. Speaker, I yield five minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Speaker, I would like the gentleman from Wisconsin, when he extends his remarks, to tell us what inflationary money this bill provides for and

what fiat money this provides for. The gentleman talked himself hoarse saying that that was the proposition.

Mr. STAFFORD. Will the gentleman yield?

Mr. STEVENSON. I decline to yield for the gentleman to inject another buncombe speech like that.

Mr. STAFFORD. I do not intend to extend my remarks.

Mr. STEVENSON. Mr. Speaker, this bill merely declares a policy—the policy that the price level of commodities should be raised to the average index level furnished by the Department of Labor for the years 1921 to 1929, inclusive. If you will look at that level in the hearings you will see that that is the level which normally the authorities of this country all recognize as being sound and affording commercial prosperity.

Now, the proposition is that the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury be charged with carrying out that policy. That is all there is in this bill. Is that a feasible thing?

A week ago to-day the Secretary of the Treasury made a speech in New York. He is reported as follows:

The Treasury Chief, addressing the annual luncheon of the Associated Press at the Waldorf Astoria Hotel, said that the wave of fear and the tide of deflation had to be turned back. "The only way that I know to bring adequate relief to the people of the United States is to set in motion forces that will make economic recovery possible." As one of these forces, Mr. Mills outlined controlled credit expansion, amply safeguarded by the Federal reserve system. "Controlled credit expansion," he said, "is only possible through the operation of that system," that is, the Federal reserve system.

I emphasize this to bring out the contrast between controlled expansion of this kind and pure inflation such as is involved in proposals now before Congress for printing fiat money, or such as would result ultimately from a series of unbalanced Budgets.

The language of the bill is:

It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency.

It further provides that it shall be the duty of the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to carry out this policy. That is what Mr. Mills himself said was necessary and proper only a week ago to-day.

Therefore I say that we are not at loggerheads with the Treasury, or with the Federal Reserve Board, or with the Federal reserve banks, but the Federal reserve banks are to-day buying a hundred million dollars worth of securities a week in an endeavor to do the very thing which we are declaring is to be the policy of this Congress, and directing them to carry out this policy, and giving them our indorsement in so doing. If you call that inflationary, if you call that fiat money, it is being done to-day by the very authorities who are invoked here against this proposition.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield one minute to the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Speaker, the distinguished gentleman who just took his seat undertook to quote the Secretary of the Treasury. I want to say that the Secretary of the Treasury has informed me personally that he was never heard upon this bill, that his views were never requested upon this bill, and that he is opposed to its passage. [Applause.]

Mr. STEVENSON. Does the Secretary of the Treasury deny he made the speech from which I have quoted?

Mr. CHINDBLOM. I did not yield to the gentleman. I am telling the gentleman and the House what the Secretary of the Treasury told me, that he has never been heard upon this bill, that his views have never been requested, and that he is opposed to its passage. [Applause.]

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Speaker, I yield four minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, such warrant as I have for addressing myself to this subject dates back far behind my

membership on the Committee on Banking and Currency. Twenty-two years ago I was the chairman of a commission on the cost of living in my State, created because prices were said to be too high. To-day the complaint is that prices are too low. I came out of that study convinced that the fluctuations in the general price level are the greatest single menace to the prosperity and happiness of the world. [Applause.] In four minutes I can not tell you why. I will confine myself to one phase of this situation.

American testimony has been produced. I want to lay before you the opinion of a commission that reported to Parliament last June, consisting of the chairman, the Right Hon. H. P. MacMillan; the Right Hon. Reginald McKenna, who is the chairman of what I understand to be the largest bank in England, the Midland Bank; Sir Walter Raine, president of the Association of British Chambers of Commerce; Mr. Lennox B. Lee, president of the Federation of British Industries; Mr. J. M. Keynes, secretary of the Royal Economic Society and editor of the Economic Journal; Prof. T. E. Gregory, professor of banking in the University of London; Mr. Cecil Lubbock, a director of the Bank of England; and seven other men prominent in the financial or economic life of Great Britain. Thirteen of these fourteen experts in finance and economics signed what is known as the MacMillan Report, a document of 322 pages treating exhaustively the subject of finance. Therein they discussed the question by reason of which I asked 13 years ago to be put on the Committee on Banking and Currency, the question I think to be the greatest question before the world to-day. [Applause.]

Mr. GOLDSBOROUGH. Mr. Speaker, I yield the gentleman four additional minutes, making his time eight minutes.

Mr. LUCE. I appreciate the additional time allotted to me, but in even eight minutes I can not skim the surface of this subject.

Let me give you the judgments of this commission of eminent British financiers and economists. I dislike very much to read anything to the House on any occasion, but two or three of the statements in their report are so pertinent to the present issue that I crave your attention, even though I do read. First:

We may well have reached the stage when an era of conscious and deliberate management must succeed the era of undirected natural evolution.

Thus that commission found with almost complete unanimity for the principle of managed currency. This is a principle we have been following without knowing it ever since the Federal Reserve Board has been in existence. Mark you, the board has admitted it is doing this thing which we now want to put in black and white. At the present moment it is buying \$100,000,000 worth of securities a week to do the very thing your committee advises. The members of the board have always objected on the ground that it would be unwise to put in black and white a mandate to do the thing they are doing. It may be that the lack of having authority and direction put in black and white has been at times and in some measure responsible for irresolute and tardy action of the board in the exercise of its power. [Applause.]

Now, mind you, this bill is simply a declaration of policy. It says that we believe for the welfare of the country the board ought to be ordered so distinctly to pursue a certain course that it can not evade, so that its members can not quibble, can no longer quarrel among themselves, and no longer leave the country in the dark as to their policy. We provide that they shall be open and frank in the exercise of the powers that they have inferred already to exist with respect to this very thing. Therefore, the question of the moment is this: Shall we say explicitly that we are for what this British commission says is necessary to the prosperity of the British Empire and which a large number of our own economists say is necessary for the prosperity of the United States? I believe the time has come when we should frankly tell the world that we, too, will determine that our currency shall be so managed by the purchase and sale of acceptances and Government securities, and by the raising

and lowering of the discount rates that we shall be in some degree relieved from the cloud always hanging over us by reason of the fluctuations in our price levels [Applause.]

Gentlemen often jump at the conclusion that we have in mind raising or lowering particular prices. This is not a question of a single price. It is a question of the purchasing power of gold. In the last three years we have had a terrible increase in the purchasing power of gold. It is the cause of the greater part of our suffering to-day. The hardships under which so many millions of our people are laboring are chiefly due to the fact that prices have so terribly dropped, and I use the term deliberately, because I know something of the troubles and sorrows and disasters that are being brought about by the great fall in the general price level in the last three years.

We can not achieve by this bill the impossible. We can not permanently regulate with exactness the level of prices. We can say that our Government shall go on doing just what it is doing now, trying to raise the level of prices by increasing the volume of available credit.

There is one other reason why, at last, my mind has crystallized after these years of uncertainty in the committee room. We have had days and days and days of hearings and of study of this problem. I was not sure what was best, but now I am satisfied that the only prudent, safe course is to do this thing in order that it may, perchance, and it may, we hope, put some barrier against the rising tide of demand for fiat money. There comes over our desks every day an ever-increasing volume of propaganda—letters, pamphlets, newspaper articles—urging us to set the printing press agoing to grind out paper money or bonds. In my judgment this is going to be the greatest issue in the coming campaign or, if not, in the next campaign—the issue of the 1896 controversy—with money uppermost in the public mind. Money, the love of it, is at the root of all evil, and the love of it and the desire for it are the chief source of our political strifes. If you do not want to take some precaution against the renewal of this agitation, perchance the rise of a new political party, at any rate an attempt to change the principles of the old parties with a revival of the theory that the way to salvation is through the medium of the printing press, why, then, vote against this resolution, a resolution which attempts to raise a barrier, if possible, against this tide of inflationary sentiment.

We ask here for no more increase of the currency than the Federal Reserve Board is producing from day to day or trying to produce. We ask for no inflation beyond the legitimate needs of commerce and industry. We ask that the agencies of Government shall be put at work to return prices to a certain level. Note the judgment of the MacMillan commission in this matter:

We are emphatically of the opinion that, even if a further fall of wholesale prices be avoided, their stabilization at approximately the present level would be a serious disaster for all countries of the world alike; and that the avoidance of such an event should be a prime object of international statesmanship.

The losses which are now being incurred by nearly all categories of producers of average efficiency in nearly all countries of the world are an overwhelming proof that the fall of commodity prices has gone far beyond the substantial reduction which might be justified in the case of many important commodities by the increases in productive efficiency which have been achieved in recent years. Consequently even the continuance of the present price level—quite apart from a further fall—must prolong business losses and the unemployment which the attempt to avoid these losses temporarily brings with it until a substantial downward readjustment of money costs has been somehow brought about. . . . Governments and central banks will, justly or unjustly, be blamed for the misfortune. Social unrest will tend to make moderate and rational remedies more difficult the longer they are delayed. . . .

We think it much more likely that attempt may be made to stop the revival prematurely than to allow it to proceed too far. We believe that this would be a great mistake. It is often argued, and it may well be true, that the power of the banking system to hold a business expansion in check is greater than its power to revive business when depression has set in. If, however, we are overprone to check every expansion, yet hesitant in the face of every depression, the net result will be a steady lowering of the price level with all the attendant evils of such a prospect. As soon as business begins to lift its head again, we may be sure that austere voices will be raised declaring that there is an incipient

inflation of credit present which must be scotched, when, in fact, the existing deflation of prices will not yet have been redressed. After so severe a depression as the present one, when we have to travel such a long way to reach the most expedient position of equilibrium, it will be most important, in our judgment, to be slow to accept such advice. . . . Our objective should be, so far as it lies within the power of this country to influence the international price level, first of all to raise prices a long way above the present level, and then to maintain them at the level thus reached with as much stability as can be managed.

You ask why we say from 1921 to 1929. Certainly, there must be a goal toward which the Federal Reserve Board shall progress. There must be some point at which they shall stop. The price level from 1921 to 1929 was remarkably steady. To return to it would be fair to both creditor and debtor. It would be a just and reasonable standard. Its maintenance would content agriculture, industry, and commerce. Therein lies prosperity.

Mr. McDUFFIE. Mr. Speaker, I yield one minute to the gentleman from Massachusetts [Mr. ANDREW].

Mr. ANDREW of Massachusetts. Mr. Speaker, I dislike to differ from my friend and very distinguished colleague who has just spoken, but I think this should be said. The gentleman quoted from the testimony of three British bankers that their country should have a managed currency. He did not call attention to the fact that these bankers are in a country which has already passed off of the gold standard and in a country that is forced to have a managed currency.

Mr. LUCE. Will the gentleman yield?

Mr. ANDREW of Massachusetts. Excuse me, I can not yield when I have but one minute.

The gentleman did not quote as in favor of this measure any American bankers or any of the authorities of the agencies which are supposed to administer the provisions of this bill. As I understand, there is no member of the Federal Reserve Board, no official of the Federal reserve banks, or the Secretary of the Treasury who himself is supposed to accomplish the results which are advocated by this measure, who believes it is possible to do so.

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from Alabama [Mr. HUDDLESTON].

Mr. HUDDLESTON. Mr. Speaker, as I contemplate this measure I can not forebear to exclaim, "Shades of Gen. J. B. Weaver and the Greenback Party."

In its fundamental aspect, it is, indeed, the most important measure that has come or will come before the House during the present session. Yet we find it taken up under a motion to suspend the rules, without any fair opportunity for debate, without notice to the Members, without anyone's having read the hearings or made any preparation or any study of the measure. To pass a measure of this importance under these circumstances is nothing short of a parliamentary atrocity. [Applause.]

There is no lack of money in circulation. We have above \$1,000,000,000 in circulation more than we had at the peak in 1929. The trouble with the present situation is not so much the lack of money in circulation as the failure of money to circulate. It is the lack of "velocity" in circulation—the money does not move. This is due to the lack of confidence. Even if we had five times as much money in circulation, if we had no confidence we would still have the depression with the downward march of commodity prices.

Our trouble is not so much deflation in prices as it is the inequality of the deflation which has taken place. Prices of agricultural products now stand at an index of 45 while the price of manufactured commodities stands at 66. The sufferings of the farmer are due not so much to the low prices for his products as to the fact that the prices of his supplies, the things he must buy, are not equally low. Prices for farm products are fixed in the open markets of the world, while prices for manufactures are affected by the protective system, by monopolies, and various other factors which have helped to resist deflation.

Let me say to the "friends of the farmer," to those who champion his cause, that the inevitable consequence of a measure such as this will be to still further increase the

disparity between the farmer's index and the manufacturer's index.

This is a measure of inflation to increase money in circulation; its advocates admit it; they boast of it. How are you to affect the prices of one set of commodities without affecting the price of other commodities. If you pump a greater amount of money into circulation, how can you do it without still further increasing the index of manufactured commodities, the price of which can be controlled, yet lowering the index of farm products, which can not be controlled?

There is not reasonable time in which to debate this measure. It is an affront to every Member that it should be presented in such fashion. If we submit to it and accept the measure, knowing nothing about it, having thought nothing about it, we will ourselves confess what the country has lately said of us—that we are lacking in the capacity to legislate.

This measure commands that something be done which can not be done. It commands that something be done which ought not to be done. Yet there is no time given even to catalogue the sound objections that should be entertained by every thoughtful man against it.

This measure is aimed direct at the heart of public confidence in our financial system, confidence without which there can be no recovery. It repeals every economic law, including the law of supply and demand. It confers powers on the Federal Reserve Board which no eastern despot ever dared to exercise. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. I yield one minute to the gentleman from Massachusetts [Mr. DALLINGER].

Mr. DALLINGER. Mr. Speaker, I have long looked forward to the time when I would have an opportunity to vote for a measure of this kind. For a number of years I introduced a bill in the Congress of the United States looking toward this same general object.

There is no question whatever but what the fluctuation in the purchasing power of our currency has been the cause of more misery, hardship, and suffering than anything else that has ever occurred in the history of the United States. [Applause.]

Something has been said about trying to do the impossible. We are simply declaring as a policy that the Congress is in favor of the stabilization of the American dollar. We are directing the responsible financial officials of the Government to exercise the powers which they already possess to this end. This is a step in the right direction, and I trust that the bill will be passed by an overwhelming vote. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Pennsylvania [Mr. STOKES].

Mr. STOKES. Mr. Speaker, I have just called up on the long-distance telephone two of the governors of the Federal reserve system and asked their opinion on this bill. Both of them are strongly opposed to it. They say it is an un-economic and unwise measure, and will not meet with any success.

These men understand what they are talking about. One has given me a copy of a letter he wrote to me, and gives a statement of the Merchants' Association of New York City.

Let me read it to you:

The Merchants' Association of New York shares the view universally held that the interest of the country is best served by the greatest possible stability of price levels, and believes that in fashioning their discount in open-market investment policy the Federal Reserve Board and the Federal reserve banks should ever be mindful of this aim. It would be dangerous however, to permit this salacious impression to assert itself in the minds of the people, that the Federal reserve system, no matter how much the officers might bend their efforts in the direction of obtaining price stability, could be held responsible for failure in attaining this ideal, which, as already stated, could only be reached by the cooperation under a common plan of forces entirely outside the Federal reserve system control, not only in the United States but all the world over.

Mr. BRAND of Georgia. Will the gentleman give us the name of those governors?

Mr. STOKES. The Labor Department has told us that there are over 200 commodity values in this country, 200 different kinds of commodities in this country. These commodities are controlled in world markets, not in the United States. If we started to put up the price of wheat, as we tried to do with the Farm Board some years ago, Russia would start dumping in this country, Argentina would start dumping in this country, and so on all the way through, and instead of having as we have now too many commodities, we would have far more than we have at the present time, a great overproduction, and the whole situation would be far more serious than it is now. I seriously beg of you not to pass this bill.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. BUSBY].

Mr. BUSBY. Mr. Speaker, I am amazed at the complacency with which some gentlemen in this House, who have nothing whatever to offer as a remedy for our very deplorable condition, oppose this legislation. It does nothing more than two things: First, it fixes as the policy of the United States the levels to which the purchasing power of money should be carried, which is the average during the period of 1921 to 1929, inclusive. In other words, we express what we believe to be desirable. The next thing is a direction to the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury to use the present legal powers now upon the statute books to carry out that policy. The opponents of this bill talk about "inflation." They talk about all of these other imaginary things which are calculated to prejudice the Members against this bill. There is nothing like that involved in this bill, and such assertions are rather an indictment of the understanding of the one who makes them than they are an explanation of the measure before the Congress.

Mr. WIGGLESWORTH. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. WIGGLESWORTH. I call the gentleman's attention to the wording of the language in section 2 of the bill:

The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

Mr. ALDRICH. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. ALDRICH. What is the purpose of section 3, if this is simply a declaration of policy?

Mr. BUSBY. It has very little purpose, and it is more form than anything else. When we passed the Glass-Steagall bill, we did it in order to supply an added supply of eligible paper on which currency could be issued, but the Federal Reserve Board is in disagreement among themselves as to a proper policy, and they have refused to put into effect the Glass-Steagall bill. This measure before you now is for the purpose of declaring a policy and directing the governmental servants named to put into effect the provisions of the Glass-Steagall bill.

Conditions in this country are anything but desirable, and I fear that gentlemen who are most strongly opposed to the bill are opposed to it for some other reason than to help the people. One of the witnesses who appeared before our subcommittee suggested that if we should receive manna from heaven somebody would object to its coming that way because it would interfere with the bakers. Gentlemen should not believe that we are ever going to get a measure here upon which all are agreed. I do not question the motive of anyone who opposes, but I can not see, with the distressing conditions among the people, how anybody can oppose trying to use the laws on the statute books at the present time to bring relief to these people.

Mr. LANKFORD of Virginia. Mr. Speaker, will the gentleman yield?

Mr. BUSBY. Yes.

Mr. LANKFORD of Virginia. I am for the bill and want to support it. Can the gentleman tell me what the effect

of this will be on foreign trade and upon the value of our dollar abroad?

Mr. BUSBY. It will not have any more effect on foreign trade than Germany's money fiasco in 1921 to 1923 had on the American money market. We are connected with foreign trade and with foreign money through the weight of gold and the weight of gold only, and when one brings all the foreign trade and all the foreign currencies into question, it just indicates that he has not studied the proposition, and as Germany's money fiasco of 1921, 1922, and 1923 did not affect our country, so what we do will not affect the trade in other countries or the money in other countries.

Mr. MORTON D. HULL. The whole value of this depends to some extent upon the reliability of the statistics of the Department of Labor. Will the gentleman tell us something about that?

Mr. BUSBY. The hearings disclose on page 267 and 358 and 359 that the Bureau of Labor Statistics is absolutely dependable, and it is vouched for by the Standard Statistics Co. and by Mr. Sloan and by Doctor Fisher, whom you all know.

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. McFADDEN. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, primarily I am bitterly opposed to bringing a matter of such importance as this before the House under suspension of the rules, without any notice whatever. It seems to me this is one of the most important measures that has been before the House during this entire session. This changes the entire policy of the Government in certain ways. Just how we are going to raise commodity prices in this country without changing the commodity prices of the entire world I am at a loss to understand at the present time.

Here is a proposition directing the Secretary of the Treasury to do what every man knows it is impossible for him to do. Neither the Secretary of the Treasury nor any representative of his department, as I understand, was ever called before this committee to be consulted in regard to the task.

Mr. RAMSEYER. Will the gentleman yield?

Mr. SNELL. Yes; I yield.

Mr. RAMSEYER. I think the gentleman should be corrected.

Mr. SNELL. Certainly.

Mr. RAMSEYER. The chairman of the Federal Reserve Board was before the committee, and the invitation was open to anybody to come there who was opposed to this.

Mr. SNELL. The Secretary of the Treasury told me that he never was invited to come before the committee, and that he was very bitterly opposed to this measure.

Mr. RAMSEYER. Well, I do not know how he talked to the gentleman from New York, but from his talk with me, the word "bitterly" is overemphasized.

Mr. SNELL. Well, eliminating the word "bitterly," he is opposed to it.

Mr. RAMSEYER. The gentleman knows that the farm organizations and the whole population are in favor of it.

Mr. SNELL. Will the gentleman tell me how this is to be done?

Mr. RAMSEYER. Oh, I could not do it in a minute.

Mr. SNELL. No; I do not think so. I would like to have some one tell me what acts will be repealed. Section 3 allows you to repeal the entire Federal reserve act.

Mr. RAMSEYER. Oh, no. That is one of those blanket provisions, provided there might be something in there that should be repealed.

Mr. SNELL. It reads "Parts of the act inconsistent with this act are repealed."

Mr. RAMSEYER. And that is a provision that is carried in nearly every bill.

Mr. SNELL. Anything connected with the Federal reserve act can be repealed under the language of this bill. The amount of reserve that is required under this law can be changed and the act repealed entirely.

Mr. RAMSEYER. No.

Mr. SNELL. I think it can. I do not know how it is expected to accomplish anything. As a matter of fact, it is just a gesture, and everybody knows it. It is attempted to change the whole policy and you do not know what you are going to do. We should have time enough so that the gentleman could explain it to the House.

Mr. RAMSEYER. I have made two reports on this, and if the gentleman would read those he would understand it.

Mr. SNELL. I would like to hear the gentleman explain it to the House. It has not been explained, and very few Members understand what you are trying to do, and that is one reason why I am opposing it.

Mr. STRONG of Kansas. If the gentleman will get us some time, we will explain it.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. LaGUARDIA].

Mr. LaGUARDIA. Mr. Speaker, in reply to the suggestion of my colleague from New York that the great authorities on money and banking have not been consulted, I simply have to say that they have had all of their say up to date and the country could not be in a worse condition than it is right now. [Applause.] So we have not lost anything. They have not contributed a single suggestion.

This bill is a heroic attempt to increase commodity price. It is a drastic remedy for a sick and critical condition. I only have one word of warning. That is, if commodity prices are to be increased, then the wages and salaries of the working people must be correspondingly increased. [Applause.] If wages are increased when currency is inflated and commodity price raised, then that velocity of circulation, suggested by the gentleman from Alabama, is created immediately and maintained. With this bill passing to-day, there will be no necessity of passing the wage reduction bill to-morrow. So when the wage reduction bill comes up to-morrow the thing to do is to vote against it. I am sure that labor will be on guard to protect itself. And I serve notice now that we will demand compensatory increases for skilled and unskilled labor as well as the white-collar class to meet these increased commodity prices.

If wages do not increase with increased commodity prices this bill and any inflation that may be created will be of no use to the farmers and the working producers. If wages are not increased it will mean that the working people and wage earners will be compelled to pay the entire cost of the depression. That, I know, is not the intention of the sponsors of this bill. Such a condition would defeat the very purpose of the bill. [Applause.]

A number of references by economists and statisticians and may I say also Members of this House have been made as to the relation between employment and wholesale prices. Real economists—and of course by that I exclude the high-pressure propagandists who are working for selfish interests—have assumed this relationship a priori. In addition to that it may be of interest for the House to know that the Bureau of Labor Statistics of the Department of Labor, under the very able management and direction of Mr. Ethelbert Stewart, United States Commissioner of Labor Statistics, has had the wholesale price index and the volume of employment in manufacturing index charted side by side for years from 1923 to 1931 and by months from 1929 to March, 1932.

These charts demonstrate absolutely that employment, at least in manufacturing industries, follows, and follows practically immediately, the changes in the wholesale-price index. It follows, therefore, that anyone who admits the quantitative theory of money and that the volume of money in active circulation will and does determine the trend of wholesale prices must admit that any increase in money circulation that lifts the level of wholesale prices will be reflected at once in the volume of employment and pay roll. Another thing that makes this money more valuable than money shot through other channels is the fact that money has two sources of power—one, volume and the other, velocity. The power that money gets from rapid turnover, which is

simply another name for velocity of circulation, is greater in the hands of workers than from any other source or direction. This is true not only because of the larger number of workers but from the fact that the worker does spend practically all of his money on necessities of life for the support of himself and his family, as soon as he gets it. The result is that a dollar in the hands of a workman is worth more socially, I mean to the public as a whole, than is a dollar anywhere else in the world. This, of course, is also true of and applicable, with equal force, to those of our community who have become known as the white-collar class. It changes hands more rapidly and is in the final count really more dollars than the dollar issued to any other group of people. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Speaker, I yield the 10 minutes to the gentleman from Alabama which I agreed to yield.

The SPEAKER pro tempore. That has already been taken out of the gentleman's time. The gentleman from Alabama has 16 minutes remaining, which includes the 10 minutes agreed upon between the gentleman from Pennsylvania and the gentleman from Alabama. The gentleman from Pennsylvania has 15 minutes remaining.

Mr. STEAGALL. Mr. Speaker, we do not understand that we have used or that we have been allotted the 10 minutes which the gentleman from Pennsylvania was to yield to me.

The SPEAKER pro tempore. The Chair will state that the original agreement was for debate for the period of one hour, to be divided equally. Later that was extended by unanimous consent an additional half hour. Later by unanimous consent that additional half hour was divided between the gentleman from Alabama and the gentleman from Pennsylvania, the gentleman from Alabama having 20 minutes and the gentleman from Pennsylvania 10 minutes. That gave the gentleman from Alabama 50 minutes. It gave the gentleman from Pennsylvania 40 minutes. Of the 50 minutes under the control of the gentleman from Alabama the gentleman has already consumed 34 minutes. The gentleman from Pennsylvania has consumed 25 minutes.

Mr. STEAGALL. I am sure the Chair is right.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield one minute to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. I intend to vote for this bill, but without either the enthusiasm or optimism of its advocates. I will vote for it as an experiment earnestly urged, and which may be of benefit under existing conditions. If I could see any threatened harm, I would vote against it; but to my mind, if it does not accomplish good, it will at least do no active harm. The subject is too broad to have been passed on a suspension of the rules. There is a wide diversity of opinion as to whether any financial agency can elevate or lower price levels in the way intended by the bill.

The bill seems to me to be merely a declaration of national policy coupled with a mandate, without sanction or penalty, to a board which already claims that it is exercising its power to accomplish the purpose aimed at by the bill. I question its efficacy, but will vote for it in the hope that my doubts may be groundless.

Mr. McFADDEN. Mr. Speaker, I regret exceedingly that a measure of this importance is being crowded through here in this manner. The first notice I had that this bill was to come up came to me about 1 o'clock this afternoon.

This is a matter which has been pending before the Committee on Banking and Currency for six to eight years. It has had very grave consideration. I must say in the few minutes I have to discuss this measure that I am unalterably opposed to its passage. [Applause.] It is clearly an attempt through financial juggling to raise price levels artificially. It affects international price levels, regardless of what has been said; and in proof of that, while I shall not attempt to give an exact quotation, the late Benjamin Strong, head of the Federal Reserve Bank of New York, in discussing this matter, always made the reservation that if anything was done it should be done in the direction

of stabilization of international price levels, that anything that was done here would affect international price levels.

You are attempting to do here that which the Federal Reserve Board is opposed to, and the Congress is assuming the responsibility of the burden of directing a technical, financial, and economic operation. No one knows to what extent this order will be carried out. Section 2 of the bill has been referred to. It provides:

The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

Mr. MAPES. Will the gentleman yield there for a brief question?

Mr. McFADDEN. Yes.

Mr. MAPES. Does the gentleman see any similarity between the mandate placed upon the Federal Reserve Board in the section which he has just read and the mandate which was placed upon the Federal Farm Board to stabilize agricultural prices?

Mr. McFADDEN. I do not recall just what that was; but here is a direct mandate to the Federal Reserve Board.

Mr. MAPES. Some question has been raised as to the wisdom of that action of Congress as far as the Federal Farm Board is concerned.

Mr. McFADDEN. Yes.

Here is a direct authority to the Federal Reserve Board and the Secretary of the Treasury to carry out this proposal, under existing conditions, to raise prices by inflation of money and credit.

The third section provides:

Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

Now, that means everything that is in contravention of the Federal reserve act can at the option of the Federal Reserve Board be repealed.

Let me call your attention to one item in this report, where, speaking of the Federal reserve system, it states on page 2:

The Federal reserve system has been accumulating gold at the average rate of \$200,000,000 a year for about six years, and is now in a much stronger position than it was at the time of the open-market operations just referred to.

Gentlemen, need I call your attention to anything further than the recent acts of Congress which have been passed—the Glass-Steagall bill and the Reconstruction Finance Corporation bill—where we were attempting to protect our gold against shipment abroad? We were recently told that there was danger of withdrawal of \$1,800,000,000 of gold from this country.

The next paragraph in this report says:

It is in a position to put into the market \$4,000,000,000 in Federal reserve notes and still maintain its 40 per cent reserve requirements. By utilizing its power to lower reserve requirements of the Federal reserve banks the system could put into the market nearly \$9,000,000,000 of Federal reserve notes.

Where is there authority in the Federal reserve act for the Federal Reserve Board to lower the legal-reserve requirements of 40 and 35 per cent on Federal reserve notes and deposits unless it is embodied in the third paragraph of this bill? Which, of course, gives the board this authority to use at their option.

Gentlemen, you are giving power here that was never intended to be given and never should be given to any board. Congress should retain this authority.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. HOWARD. Mr. Speaker, if I understand the gentleman, the gentleman is taking the position that this Congress has no power to give orders to the Federal Reserve Board.

Mr. McFADDEN. Oh, no; I am not taking that position. I am simply saying what you are now doing.

Mr. HOWARD. My own judgment is that it is about time to give some orders to America's master criminals.

Mr. MANLOVE. Mr. Speaker, aside from the opinions of other people, I believe this House would like to hear the very worthwhile remarks of the gentleman from Pennsylvania continued without interruption.

Mr. McFADDEN. Just suppose this law is passed and price levels are below the average, as we know they are at the present time, what agency are they going to put to work? There is indicated in what I have just read that they will increase if they see fit the circulating medium in this country from \$4,000,000,000 to \$9,000,000,000, to say nothing about possible increase of credits. Now, Federal reserve notes are redeemable in gold. We do not know how many Federal reserve notes are outside of this country to-day. We do not know how soon they may be presented, and when and if they are presented they may drain all of the gold that we now have.

We have recently passed a law here which permits the substitution of United States bonds in lieu of gold as 40 per cent reserve of Federal reserve notes for the purpose of protecting our gold. Now you are going to create the greatest scheme of inflation ever proposed in any country. They admit in this report that \$4,000,000,000 or \$9,000,000,000 worth of circulating medium may be brought out in this country in order to bring the price levels up. They do not say anything about how much they are going to increase credit in addition to this, if it is necessary. These are all items to which some consideration should be given in the passage of this bill.

I do not think we should increase the power of the Federal Reserve Board. We have suffered because of the fact that they have already too much power, the fact that there has been maladministration, but despite that fact you are now going to give them a vehicle here by which they will be given unlimited power.

Mr. RICH. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. RICH. The gentleman from Mississippi made the statement that this was to carry out the mandates of the Glass-Steagall bill. In that case, why was it not necessary for us to make some legislation in order to do that? Why does not the Federal Reserve Board carry out the provisions of that bill?

Mr. McFADDEN. I can not speak for the Federal Reserve Board. I do not understand that they have been carrying out the terms of the Steagall-Glass bill.

Mr. BUSBY. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. BUSBY. Of course, the gentleman understands very thoroughly that they have not put into operation the power to use bonds instead of eligible paper but have been waiting for a further deflation in real estate, which, I think, has gone far enough.

Mr. McFADDEN. I ask the gentleman what will happen when they start, under this direction, to carry out this plan?

Mr. BUSBY. If the gentleman will yield further, I would like to say that we give no direction except to use the law. We do not even tell them to use the law unduly in regard to the law we are proposing in this bill.

Mr. McFADDEN. But we are giving very definite instructions in this bill. There has been some reference here to what England has decided. Reference was made to the fact that the MacMillan report recommended certain things. It is true the MacMillan report was made prior to England going off the gold basis, but the men who signed that report knew the situation that existed. However, I want to say to you that the United States is still on the gold basis. We are supposed to be running an American banking system without regard to the systems they have in Europe. One of the greatest troubles we have had in the Federal reserve operations has been that we have listened altogether too much, as regards the dictation of foreigners, in the management of our banking system, which is largely responsible for the situation we are in at the present time. It is time that we adopted an American policy without regard to the foreigners. This kind of legislation is playing into the hands of the internationalists for the stabilization of price levels. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. GOLDSBOROUGH. Mr. Speaker, I yield five minutes to the gentleman from Kansas [Mr. Strong]. [Applause.]

THE NEED AND THE PLAN TO STABILIZE THE PURCHASING POWER OF THE AMERICAN DOLLAR

Mr. STRONG of Kansas. Mr. Speaker, the stabilization of the purchasing power of money is favored by those who use it as a measure of value, and opposed by those who use the fluctuating purchasing power of money for profit.

When a Government establishes a monetary system its first duty should be to stabilize the monetary unit of value of that system.

The fathers who established our Government attempted to do this when they provided in the Constitution that "Congress shall coin money—and regulate the value thereof."

Congress provided for the coinage of money, and as our Government grew and our financial system developed it sought to regulate the value of our money by declaring that 25.8 grains of gold, nine-tenths fine, should constitute a dollar, or unit of value, accepting the universal theory that the stability of the price of gold would stabilize the dollar's value. But the price of gold has not remained stable, and consequently the purchasing power of our money fluctuated.

In what is termed "good times" commodity prices rise as money becomes plentiful and cheap. Speculation follows and we have inflated prices, always to be followed by deflation, or falling prices, and we have "hard times," as the purchasing power of the dollar rises.

These periods of inflation or deflation, meaning rising commodity prices when money is plentiful and cheap, or deflation when money becomes scarce and costly, result in great financial losses to the people of the Nation.

The Black Friday of 1873 was the high mark of a disastrous inflation when banks crashed, business men failed, manufacturing plants closed, millions of men were thrown out of work, and farmers had no market for their products. My own father, with thousands of others, lost his all during this crisis and went West to establish a new home, and I became a citizen of Kansas. Coming to Congress in 1919, I became a member of the Banking and Currency Committee of the House and watched the inflation of prices as the result of an abundance of cheap money until the peak was reached in May, 1920. Then followed the deflation of the prices of commodities. The purchasing power of the dollar rose and commodity prices fell until the low point was reached in 1921.

Dr. Wilford King, professor of economics of New York University and a recognized authority on the wealth of the Nation and national incomes, estimated that this inflation and deflation brought about a confiscation of wealth from its rightful owners amounting to \$40,000,000,000, or an amount equal to that expended by the Nation during the World War.

The present deflation of commodity prices, as the purchasing power of the dollar again rose, reached its lowest point this year, and it has been estimated that the confiscation of wealth has resulted in the loss of over \$100,000,000,000.

But the loss of wealth is not all. The suicides, the wreckage of homes, the destruction of happiness, and the general discontent and unrest created disaster to the Nation that can not be estimated.

Between these two latter deflations we had a fairly stable value of money and commodities between 1921 and 1929, which did not come about by accident. There was a master mind in the Federal reserve system. The late Benjamin Strong, governor of the Federal Reserve Bank of New York City, had influenced the use of the powers of the Federal reserve system for stabilizing the purchasing power of the dollar, or the commodity price level, which are one and the same. He realized that when the Federal reserve system was created Congress gave to it the powers to regulate the volume of money of the Nation and to greatly influence the cost of the same.

What are these powers? Under the Federal reserve act of 1913 that established our Federal reserve system, 12 great Federal reserve banks were established, and all of the na-

tional banks of the Nation, and the State banks that might become members of the Federal reserve system, were required to create a great reservoir of credit by depositing with these Federal reserve banks 3 per cent of all their time deposits and 7 per cent of their commercial or open-account deposits, amounting to over three thousand millions of dollars; and under the law these funds could be invested in Government securities which the banks had the right to buy and sell. The Federal reserve system was also given the right to regulate the rate of discount that should be charged the member banks for discounting their eligible paper. Thus when they took the money from their vaults to purchase Government securities they increased the volume of money that could be used as a basis for credit, and when they sold Government securities, which returned the money to their vaults, they decreased the volume of money that could be so used.

When the Federal reserve act first passed the Senate it contained the clause that the discount rate should be used to stabilize the price level. But this clause was stricken out in conference.

Gov. Benjamin Strong successfully used these powers for stabilization. When the commodity price level started to fall and the dollar to rise he, as chairman of the board for the purchase and sale of Government securities, purchased bonds and influenced the reduction of the discount rate, thus increasing the volume of money and reducing its cost. When prices started to rise and the purchasing power of the dollar to fall he sold bonds and influenced the increasing of the discount rate, thus reducing the volume of money and increasing its cost—a simple process of regulating the supply and demand and cost of money, to the end that the value of money, as measured by what money will buy, would be stable in its purchasing value.

Governor Strong was so engaged in trying to develop and improve the Federal reserve system, to which he sacrificed his life, and realizing the jealousies among the principal officers of the Federal reserve system, that while he used its power for stabilization he made practically no announcement of such policy.

During the sessions of Congress of 1922 to 1926 Prof. Irving Fisher, of Yale University, the author of the *Money Illusion* and many other valuable books on the money question, advocated the stabilization of the purchasing power of money through regulating the quantity of gold that should represent the dollar. This is called the quality theory of money stabilization. Congressman T. ALAN GOLDSBOROUGH introduced a bill in Congress in 1922 having this theory as a basis and hearings were held upon the same by the Banking Currency Committee.

In 1926 George H. Shibley, an economist of Washington, D. C., learning that I was studying a remedy for the disaster of inflation and deflation, directed my attention to the fact that in the original draft of the Federal reserve act the powers of the Federal reserve system were directed to be used for promoting stability in the price level and urged me to introduce a bill for this purpose. While I was unable to agree with him as to the form of the bill, I did introduce H. R. 7895 in the first session of the Sixty-ninth Congress, a bill in which I used the words "all the powers of the Federal reserve system shall be used for promoting stability in the price level." Hearings were held upon this bill by the Banking and Currency Committee at which some of the most prominent economists in the United States appeared and discussed the question.

Finding that groups who profit by the fluctuating price of money were opposing the same by the use of the untrue statement that I was seeking to regulate prices, I changed the form of the bill in the next Congress to a direction that all the powers of the Federal reserve system should be used for stabilizing the purchasing power of money.

Among the witnesses appearing before our committee was Gov. Benjamin Strong, who admitted that he had been using the powers of the Federal reserve system with success in

stabilizing the purchasing power of the dollar, but took the position that Congress ought not by law to so direct the Federal reserve system, because he feared that if in administering the law the officers of the Federal reserve system should fail to secure all that the people might require and demand, that it would bring complaint, criticism, and injury to the Federal reserve system. I made it plain to him that I was a firm believer in and friend of the Federal reserve system, but was convinced that Congress, which had given these great powers to the Federal reserve system, should direct their use in the stabilization of the purchasing power of the dollar, and urged him to lend his great ability to the preparation of such a bill.

Dr. J. R. Commons, professor of economics in the University of Wisconsin, whose great interest in the stabilization of the purchasing power of money had led him to generously employ his leave of absence to visit Washington and assist me in the study of this question, was also a witness in these hearings. Finally Governor Strong agreed that while because of his position as governor of the Federal Reserve Bank of New York he did not want to be known as taking an active part in the preparation of such a bill, yet in the interest of having such a bill drawn that would not injure the Federal reserve system, that he was willing to lend such assistance. Dr. J. R. Commons and I then visited New York and had an all-day conference with Governor Strong, with the result that it was agreed a temporary draft of a bill might be prepared by W. R. Burgess, then assistant Federal reserve agent of the New York bank, and Doctor Commons, to be then submitted to Governor Strong and myself for agreement.

This resulted in my introduction on March 6, 1928, of House bill 11806, which after directing that "the Federal reserve system shall use all the powers and authority now or hereafter possessed by it to maintain a stable gold standard; to promote the stability of commerce, industry, agriculture and employment; and a more stable purchasing power of the dollar, so far as such purposes may be accomplished by monetary and credit policy," directed that the Federal Reserve Board and Federal reserve banks were authorized and directed to make and to continue investigation and study for the guidance of the system's policies with regard to the purposes of the bill. Extensive hearings were also held upon this bill in March, April, and May, 1928.

I set forth these facts that it may be known that while Gov. Benjamin Strong refrained for the reasons I have stated in openly taking any part in having Congress direct the Federal reserve system in the use of the powers it gave to the same, he felt and nevertheless believed in the use of such powers for the stabilization of the purchasing power of the dollar, and even went so far as to arrange a meeting between the Federal Reserve Board and myself, at which he was present on March 17, 1928, in the hope that they might be induced to take a more sympathetic attitude toward such a policy.

Those who have not studied this subject may raise the question as to what measure of value shall be used in determining when the purchasing power of money increases or lessens with regard to the prices of commodities. The statistical bureau of the Department of Labor issues weekly what is called an Index Number of Commodity Prices, obtained by taking the average wholesale prices of over 700 commodities. When this average of commodities for which money is exchanged sinks week after week, the purchasing power of money rises, and when this index of commodities prices rises the purchasing power of money sinks. So by using the Index of Commodity Prices, as published by the Department of Labor of our Government, the purchasing power of the dollar may be adequately measured.

Realizing that the failure of the use of the powers to regulate the supply and demand of money and the regulation of the discount rate for the stabilization of the purchasing power of our dollar had so depressed prices, at the opening of this session of Congress I introduced House bill 49, carrying in addition to provisions of my former bills the

direction that the wholesale commodity price level of 1926 should be regained and maintained.

The present bill, recently reported out of the Banking and Currency Committee by Congressman GOLDSBOROUGH, who was chairman of the subcommittee that prepared the same, contains the same principles of my original bill and those that I have introduced since. It simply directs that the powers of the Federal reserve system, which the Government has given to it, shall be used to stabilize the purchasing power of money. When the commodity prices steadily decrease in value, as they have from July, 1929, to the present time, as shown by the price-index level issued by the Department of Labor, the officers of the Federal reserve system and the Secretary of the Treasury are directed to purchase Government securities and reduce the rate of discount, thus increasing the volume of money and reducing the cost of the same and vice versa.

Because the greater part of the present indebtedness of the people of this Government was created from 1921 to 1929, we directed that this policy of increasing the volume of money and reducing the discount rate shall be followed until the purchasing power of money shall be restored to the average of such purchasing power as existed from 1921 to 1929, which will be that of 1926, and to be there maintained.

This is the only hope that the Nation has of restoring prices of commodities to where they may be exchanged for money at the average level of prices that existed when the greater amount of debts of the people were created. It is the only hope for a return to the prosperity that existed from 1921 to 1929. It is not inflation; it is reflation or deflation of the present high value of money. The principal officers of the Federal reserve system have stated before our committee that they are using the powers of the Federal reserve system to this purpose now. The bill our committee is asking you to pass simply directs that they shall so continue until the purchasing power of the dollar shall be established at its purchasing power from 1921 to 1929. Had the bills that I introduced in 1926, 1927, and 1928 been passed, the present depression would not exist. The officers of the Federal reserve system then said, "We are pursuing the policy you urge, but should not be directed by Congress to do so." Then the dollar was on speaking terms with all of us and could be secured at a fair price in exchange for our labor, the fruits of our labor, and the property we own. And as the need for the passage of this bill did not then seem so great, the people could not be aroused to demand its passage. Now that the value of the dollar has reached so high a price that it takes long hours and more days to earn the same dollar and two or three times the amount of the products produced in the factory and on the farm to secure the same, people are aroused and are demanding that the purchasing power of the dollar be reduced, which can only happen by advancing the prices of labor and commodities and property that the dollar will buy, and this can only result from increasing the supply of money and reducing its cost, which the powers we have given to the Federal reserve system make possible.

It is just a question of whether we are big enough to say to the board that we have created, "You shall use these powers we have given you for the benefit of all the people of the United States and not for those who deal and profit in the fluctuating purchasing power of our dollar." [Applause.]

Mr. McFADDEN. Mr. Speaker, I yield three minutes to the gentleman from Iowa [Mr. RAMSEYER].

Mr. RAMSEYER. Mr. Speaker, I wish to thank the gentleman from Pennsylvania for yielding me a few minutes of the time he controls in opposition to this bill.

I am for this bill. [Applause.] There is absolutely nothing to the scare that the minority leader [Mr. SNELL] tried to throw into this House. This bill has been thoroughly considered. It has received more public discussion in the last year than any other bill that has been before this

House. I have been on two different committees studying this problem, one with the Iowa Bar Association and the other with the American Farm Bureau Federation. Two reports which I helped to prepare have been filed, and they have been circulated among the Members of the House.

The first speech I made on the policy and purpose of the pending bill was last September, and at the time the newspapers in the Middle West treated it as a sensation. Lately the press in the East has taken the position, without referring to the bill, that what this bill seeks to accomplish is the only way out of the distressful economic situation.

Why, the gentleman from Pennsylvania [Mr. McFADDEN] gets alarmed that there might be an upward trend in commodity prices and that there might be some inflation. We have to restore the average of commodity prices to where they were a few years ago in order to save this country. If you keep on this way for another six months, the whole financial structure will collapse and everything will go to pieces.

To show you that the eastern press has come to its senses, even though some Members of Congress have not, I call your attention to the May number of the Review of Reviews, a conservative periodical. On page 10, Mr. Albert Shaw, in discussing what we have already done in the way of extending credit, says:

This, of course, is good as far as it goes. The local banks do not desire to be loaded up with unsalable farms; while, in turn, the farmers' families shudder at the thought of losing their homes and their familiar possessions. They all work desperately to pay the mortgage interest, but all the "farm relief" that we are reading about does not emancipate the farmer from any part of his burden of indebtedness. It does not reduce his obligations, in proportion to his ability to pay. Nothing can relieve him except higher prices for what he has to sell.

[Applause.]

Gentlemen opposed to this bill have quoted a few officers of Federal reserve banks as disapproving the passage of this bill. In answer to the attitude of those bank officials opposing this bill, I am going to quote you from as high an authority as we have in this country on financial matters, to wit, Mr. Owen D. Young, who said:

The proper handling of price stability is one of the most important matters facing the capitalistic system. In it will be found the roots of those maladjustments which result in unequal and unfair distribution of wealth, in unemployment, and other serious problems.

This bill points the way. In fact, it is the first step to avoid the evils that Mr. Young points out. We must first have an elevation in the general level of commodity prices and thereafter stability in commodity prices. This bill, if enacted into law, will direct the Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury by their control over the volume of credit and currency to restore the average commodity price level to the same level that existed when the farmers and other producers contracted their debts. [Applause.]

[Here the gavel fell.]

Mr. McFADDEN. Mr. Speaker, I yield two minutes to the gentleman from North Dakota [Mr. BURTNESSE].

Mr. STEAGALL. Mr. Speaker, I ask unanimous consent that all Members may have five legislative days within which to extend their remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BURTNESSE. Mr. Speaker, I believe at least four-fifths of the time consumed by the present Congress has been in connection with issues that have arisen out of the fact that we have had during the past three years constantly declining commodity price levels, or, putting it another way, that we have not had a dollar stable in buying power.

If it had not been for this decline, we would not have had to spend weeks here in connection with legislation such as the Glass-Steagall bill, the Reconstruction Finance Corporation bill, additional appropriations for the land-bank system, unemployment relief, and would not have had the diffi-

cult problems that have arisen in connection with every annual department appropriation bill or the controversial and delicate problems that we have tried to solve here within the last few days with respect to what should be done as to wages of Federal employees and balancing the Budget. All are directly connected with fluctuating price levels and the declining level of the past three years.

So, certainly every person ought to agree, as has been emphasized here, that one of the main issues before the country under present conditions is how we can elevate the commodity price level to the stage on which existing indebtedness was contracted, as nearly as possible, and then arrange to stabilize that price level hereafter on such a stage. If that can be accomplished, we will fast recover from the effects of the present depression and will probably prevent recurring depressions in the future.

This bill, unfortunately, from my viewpoint, does not provide the weapon or the complete remedy that I think should be given to the country. It does not proceed in the scientific way that I had hoped the committee would recommend, and, as proposed by the bills I have sponsored, but nevertheless I do feel that it is not only a step in the right direction but that it has some substantial relief in it, and for the life of me I can not see any valid objection to it when you do not change one word of the present law, when you do not change one power of or one limitation upon the reserve board, but simply give it the mandate embodied in this measure intended for the public good. [Applause.]

By way of extension I will simply say that my views were given in detail in my speech on April 14, when I addressed the House with the use of charts prepared by the Bureau of Labor Statistics.

In brief, I adhere pretty much to the qualitative theory of money and therefore believe it essential in order to bring about true stabilization that power be given to change the amount of gold in the dollar from time to time so as to conform with the changing value of the metal itself. This bill, in my judgment, too much assumes that the value of the dollar depends solely upon the amount of currency in circulation or the amount of credit available.

In my opinion, price levels can be changed through expansion and contraction of currency; but only temporarily. So long as our monetary unit is anchored to a specific amount of gold the purchasing power of each unit will eventually be drawn back to the exchange value of the amount of gold in which such dollar is redeemable. There should be a synchronization between currency or credit and the price of gold—amount thereof in the dollar—as provided in my bills, H. R. 20 and H. R. 21.

I am anxious that this bill be enacted. It gives a specific mandate to the reserve board. If those who believe that our price level can be stabilized solely through currency and credit control are right, then this bill will do the business, assuming, of course, that it is honestly and efficiently administered. If this happens, no one will be happier than I.

On the other hand, for the protection of my position and my earnest views resulting from several years of study, I must indicate my firm conviction that it will not accomplish everything that its sponsors expect. The job will be too big for the reserve board under present legal authority. I prophesy that it will be unable to increase the price level to the stage suggested in this bill and unable to give us a stable buying power of the dollar thereafter.

If this prophecy proves correct, those of us in this House and throughout the country who believe in a modified gold standard, varying the amount of gold in which the dollar is redeemable, if need be, to obtain absolute stability in its purchasing power, will have a stronger case than ever before, and we will be back asking for such legislation. I know that there are several members on the Banking and Currency Committee who believe that ultimate solution rests in that sort of a remedy.

I have been greatly pleased with the many favorable comments made on my speech of some days ago, not only by thinking Members of this House, but also by professional men, business men, economists, and other students who have

written me from many States. The following extract from a letter from Mr. W. A. Overholser, attorney at law, Libertyville, Ill., is rather flattering but typical:

I have read with a great deal of interest and admiration the very able and scholarly address delivered by you in the House of Representatives on Thursday, April 14, 1932. I believe that it contains one of the sanest suggestions that has been made yet as a solution for relieving us of our present horrible economic disaster and preventing similar occurrences in the future. It is a relief during the existence of the present economy hysteria to find some one who has an intelligent plan to offer which would appear to go to the root of the trouble and to know that we have some men in Congress who are working on the problem coolly and intelligently.

I thoroughly believe our bills go to "the root of the trouble." The pending legislation is a start, but we must finish the job later. I hope I may be here when Congress assumes its constitutional duty and enacts legislation which will automatically and effectually "regulate the value of money."

Mr. STEAGALL. Mr. Speaker, I yield the balance of my time to the gentleman from Maryland [Mr. GOLDSBOROUGH].

Mr. GOLDSBOROUGH. Mr. Speaker and Members of the House, the bill which the House is discussing to-day (H. R. 11499), a bill for restoring and maintaining the purchasing power of the dollar, is very short, and is as follows:

Be it enacted, etc., That the Federal reserve act is amended by adding at the end thereof a new section to read as follows:

"SEC. 3. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar, as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

"SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy."

"SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed."

You will notice that the bill has two purposes: First, the general purpose of raising the wholesale commodity price level to its predeflation point and, second, of maintaining that price level and avoiding periods of inflation and deflation.

All authorities agree that unless the price level is raised there is no way for the debts of the country to be paid, because the values of the things which when sold are used to pay debts have fallen on an average of more than 50 per cent below their prices when the debts were contracted, whereas the debts do not fluctuate as prices fluctuate but remain fixed. Therefore we find that for the first time in history both the creditor class and the debtor class are anxious for price levels to be raised to a point which will be fair as between debtor and creditor. The debtor wants the price level raised so that he can pay his debts with money which is no higher, or at least not much higher, than it was at the time he contracted his debt, and the creditor wants the price level raised in order that the one who owes him may not be forced into bankruptcy, which would prevent the creditor from collecting his obligation.

To illustrate: The case of a farmer who paid \$5,000 for his farm at price levels which preceded this depression, and who gave a mortgage of \$3,000 on his farm, paying in cash \$2,000. Now, since the depression, the products with which the farmer can pay his debts and fixed obligations have fallen more than one-half, and the selling price of his farm has fallen to around \$2,000. At present price levels the farmer can not pay the interest on his mortgage, the taxes on his farm, the insurance on his buildings, his fertilizer bills, and other fixed charges. If the mortgagee was to sell the farm in order to have his mortgage debt paid, he would only receive \$2,000, less the expenses of sale, or around \$1,800, and would lose \$1,200; insurance premiums and fertilizer bills would not be paid at all and the payment of the farmer's taxes would be delayed, so that a rise in the price of farm commodities not only protects the farmer who is the debtor but protects the mortgagee, the fertilizer company, the insurance company, and the treasury of the State and county, who are all creditors.

This bill is not intended to help one class any more than another class. It is intended simply and solely to restore

justice as between producer and consumer, debtor, and creditor, as only by and in so far as you can achieve justice between all classes of the people can you have a productive people, a contented people, a happy people, and a people who do not feel that they are being unjustly treated.

The other day I was asked how this bill would help a man to get a job. In other words, how it would help the unemployment situation. I answered that the unemployment situation was the condition that the bill was designed to cure more than any other condition. I said that I would be perfectly content for the bill, instead of providing for the price level of 1921 to 1929, to provide that the price level should be raised until unemployment was reduced to what may be called its irreducible minimum. In other words, to a point when practically everyone who wanted employment could obtain employment. I was asked to explain further my statement. I said that the Subcommittee of the Committee on Banking and Currency of the House, of which I was chairman, had made a very careful study as to the price level which would be fair to producer and consumer, debtor and creditor, and would thus cause the least possible economic disturbance, and that we found the general price level existing between 1921 and 1929, inclusive, to be substantially fair to all classes; fair treatment for each class would mean, in general, employment for those who desired employment; so that if the law provided for a rise in prices until the unemployment problem was solved, it would mean practically a rise in the price level existing from 1921 to 1929, inclusive. Probably the first thing which will occur to you will be, how can the price level be raised; and, second, how can it reasonably be maintained after it is raised? These are both fair questions, and I am going to answer them as well as I can within the few minutes I have to speak.

The Federal reserve system is now in a position to put into the market \$4,000,000,000 in Federal reserve notes, and still maintain its 40 per cent gold-reserve requirements. By utilizing its power to lower the reserve requirements of the Federal reserve banks, the system could put into the market nearly \$9,000,000,000 of Federal reserve notes. Either sum, if the country knew that because of a congressional mandate the Federal reserve system was to raise the price level to the point indicated, would be much more than sufficient to raise it, because as soon as the country understood that the policy of the Federal reserve system was directed by law to a given point, confidence among banks and business men would be restored, bank loans would expand, the retailer would buy from the wholesaler, the wholesaler would buy from the manufacturer, the manufacturer from the producer of raw materials, and the masses of the people would find employment, so that through buying of securities by the Federal reserve banks and through the restoration of confidence as above indicated, the normal business activity of the country would very speedily be reestablished. You will then say, "Well, we see by the papers that the Federal reserve system is now buying about \$100,000,000 a week of securities, so why pass a law to carry out and compel them to do exactly what they are now doing?"

The answer is this: The Federal reserve system for more than a year before they went into the market for Government securities were, to my knowledge, entreated to do that very thing. The Federal Reserve Board was told that with the immense amount of gold we had here in this country and with about \$17,000,000,000 of Government securities in the market they could safely buy Government bonds to an almost unlimited degree, and thus place money into circulation, raise the price level, and restore confidence. To my knowledge, the Federal Reserve Board was told that unless they did that very thing we would have the business depression, the collapse, and the unemployment that we now have. If this legislation is passed and becomes a law, and is administered enthusiastically and sympathetically by the Federal Reserve Board, it can by its open-market operations and its control of the rediscount rates speedily raise the price level to the indicated point. Should this bill become

a law, they may have to take very little affirmative action, because the knowledge that they are directed to do it will so reassure the people that business expansion, which means credit expansion and rising price levels, will take place very quickly.

The next question you will probably ask will be: "How can the general commodity price level be maintained by the operation of the Federal reserve system?" In the Bureau of Labor Statistics in Washington is what is known as an index number, which index number contains 784 commodities and indicates whether the general price level is rising or falling. In other words, it indicates whether the relation of money and credit to business is remaining reasonably stable or is getting out of its proper relationship. The standard index figure, 100, is about the average of the 1921 to 1929 price level. If the price level rises much above that point, we know that the producing and debtor classes are being favored, and that the creditor class and all those with a fixed income, such as salaried people and wage earners, are being discriminated against. On the other hand, if the price level falls much below that point we know that the creditor class is being favored and that the debtor and producing classes are being discriminated against. We also know that if the decline in prices continues, unemployment will ensue, because it is the producing classes which employ labor; and as production is not profitable in a falling market, as prices decline the wheels of industry run slower and slower and more and more people are turned out of employment, which is exactly the condition we have now.

Now, speaking roughly, it would be the duty of the Federal reserve system under this bill to watch the index number of the Bureau of Labor Statistics. When the index number began to fall the Federal reserve system should put money into circulation by buying Government securities and by this means raise the price level approximately to the indicated point; and then, if the price level moves above the indicated point, the Federal reserve system would withdraw money from circulation by selling Government securities and thus send the price level down approximately to the given point as indicated above. The Federal reserve system would also use its power to raise and lower rediscount rates.

The whole thing is very simple. It has absolutely no purpose except justice for everybody. The Congress knows perfectly well that the Federal reserve system would not be able to attain absolute perfection in carrying out the law, but beyond any doubt the system could carry out the purposes of the law in a practical way and thus avoid periods of undue business expansion, price inflation, and speculation, which invariably lead to collapse such as society is now in, and which has resulted in untold hardship and despair.

You hear a great deal in this country about overproduction, a word that in its broad sense should never be used, because, if the people have the buying power they will consume the normal production of the country. With our labor-saving devices and our mass production we can produce enough in the country for every man, woman, and child to live in comfort and reasonable luxury. The problem of production in this country has been solved and the problem of statesmanship now is to solve the problem of distribution. This problem must be solved in a manner which is right and fair to everybody, and has no object but justice. I am one of those who have been studying the principle involved in this bill for many years. The principle involved in this bill has been discussed and analyzed in congressional hearings before the Banking and Currency Committee for the last 11 years. In my judgment, the bill, if sympathetically administered, will be a profound factor in the solution of this great problem of distribution which I have just mentioned.

In order to illustrate just how the Federal reserve system can control the price level, I will offer one or two illustrations.

In the winter of 1920 the system decided to deflate price levels and to begin on May 20. The method pursued at that time was to raise rediscount rates in a very drastic manner, especially among country banks. This fact is now

well known, is not disputed, and, as you will remember, not only caused the failure of a great many country banks but absolutely destroyed agriculture as a profitable occupation throughout the country. Later, under the sympathetic leadership of Benjamin Strong, governor of the Federal Reserve Bank of New York, an open-market committee was formed, which for several years and until Mr. Strong's death, stabilized the purchasing power of the dollar with great success. I ascertained this definitely from Mr. Strong in 1926, but sensed it earlier, and said in the course of a speech I made before the Maryland State Bankers' Association at Atlantic City in April, 1924:

Not so generally understood is the fact that the open-market operations of the Federal reserve banks in the first half of 1923 tended to curb the involuntary movement and in the second half of the year tended to sustain business on its new level. Early in January the Federal reserve banks held open-market acceptances and United States securities to the value of \$734,000,000. These they reduced steadily throughout the period of incipient business boom.

By July the total holdings were less than \$300,000,000. Between October 17 and the end of the year, however, the holdings increased from about three hundred million to four hundred and seventy-three million dollars. Thus the open-market operations took money out of general circulation at a time when, according to our indices, money in circulation was increasing faster than the volume of trade, and later in the year when these same guides began to point in the other direction the open-market operations put more money into circulation. We were cautious in 1923 because we had had a recent lesson. We will be less cautious as time goes by, and in a very short time, when credit begins to be demanded all over the country for developments of all sorts, the Federal Reserve Board, without express legislative authority, will not be able to restrain a period of inflation greater, probably, than any we have ever known.

If a law such as is provided for by this bill had been in operation at the time I made the speech of 1924, the period of frenzied speculation of 1927, 1928, and 1929 would not have taken place, nor would the country now be in its present condition of extreme economic depression. In the various discussions of this measure and of the principle involved in it which have taken place in the Committee on Banking and Currency in the last 11 years, no reason has ever been advanced by anyone as to why such legislation was not sound.

It is true that officials of the Federal reserve system did advance arguments against the bill, such as you will see from day to day in a certain part of the metropolitan press, but in every instance when pressed by informed cross-examination, they agreed that their objections are mere vague possibilities and not substantial probabilities.

No one has ever attacked the bill on the ground that its purposes were not to achieve justice, and as nearly as the subcommittee could sift what little objection there was advanced to the proposed bill, it was the objection which is always raised to anything with which one is not entirely familiar.

In order to indicate definitely and clearly that the principle embodied in this bill has been thoroughly considered for many years in the American Congress, may I here insert a letter received by me from the Hon. Thomas R. Marshall, ex-Vice President of the United States, dated August 9, 1922:

FRANKFORT, IND., August 9, 1922.

HON. T. ALAN GOLDSBOROUGH,
Washington, D. C.

MY DEAR MR. GOLDSBOROUGH: I am so glad that you have introduced a bill to stabilize the purchasing power of money. I wish I could be present at the hearing, but it will be impossible for me to do so. Don't let this matter drop or stop with a perfunctory hearing, because this is a thing that is going to come to pass, and you will be a very proud man to know that you had the honor of taking the initial step in the House of Representatives.

Cordially yours,

THOS. R. MARSHALL.

We have a wondrous country, with actual producing power beyond the dreams of Midas. We have a magnificent citizenship, which is capable of absorbing to advantage every contribution which can be made to their comfort and welfare. We have a remarkably patient people who are wondering just why it is there is poverty in the midst of plenty; want, when there is more than enough to go around for all of us. Sometimes I have thought that our economic

system, which so poorly distributes the great production of the Republic, has grown up through the natural human selfishness of a tremendously energetic people, but we can not philosophize when 8,000,000 of our people are in need of the necessities of life, nor can we expect them to philosophize. They have already been tremendously patient. For how much longer we can expect them to be patient, no one can say; but if, while there is yet time, we turn to justice and obey her, if we trust liberty and follow her, the dangers that now threaten will disappear, the forces that now menace will turn to agencies of elevation. Think of the powers now wasted, of the infinite fields of knowledge yet to be explored, of the possibilities of which the wondrous inventions of this century give us but a hint. With want destroyed, with greed changed to noble passions, with the fraternity born of equality taking the place of the envy and fear that now array men against each other, with mental powers loosed by conditions that give to the humblest comfort and leisure, and who can measure the heights to which our civilization may soar? Words fail the thought. It is the golden age of which poets have sung and high-raised seers have told in metaphor. It is the glorious vision that has always haunted men with gleams of fitful splendor. It is what he saw, whose eyes at Patmos were closed in a trance. It is the culmination of Christianity. It is the city of God on earth, with its walls of jasper and its gates of pearl. It is the reign of the Prince of Peace.

For the information of the Congress and the country as to the length of time during which the principle involved in this bill has been considered by the American Congress, I am including at the end of this speech, as an extension of my remarks, a speech made by me in the House of Representatives on Tuesday, May 23, 1922, entitled "Stabilizing the Purchasing Power of Money"; a speech made by me on August 16, 1922; a speech made by me in the House of Representatives on February 17, 1923, entitled "Fortifying the Federal Reserve System Against Inflation and Deflation"; and a speech made by me before the Maryland State Banking Association, entitled "Stabilization of Money," and printed in the CONGRESSIONAL RECORD by the request of Hon. Eugene Black, of Texas, on Monday, June 22, 1924.

STABILIZING THE PURCHASING POWER OF MONEY

[Speech of Hon. T. ALAN GOLDSBOROUGH, of Maryland, in the House of Representatives, Tuesday, May 23, 1922]

MR. GOLDSBOROUGH. Mr. Chairman and gentlemen of the committee, I am taking advantage of the opportunity presented by the general debate on this bill to talk for a few minutes very briefly and very generally about a matter upon which long consideration induced me to introduce a bill in this House this morning. For a great many years, in fact ever since I have been old enough to think very much, I have wondered about the gradual expansion and contraction of general price levels through long periods of years, but never until I became a Member of Congress did it seem that I had time enough to even attempt any sort of a real analysis. Last summer on the occasion of a dinner, at which former Vice President Marshall and I were guests, I brought up the subject and found that he had given the matter a great deal of consideration, and he made several luminous suggestions based upon his study and supported by his splendid common sense. I am profoundly convinced that the problem of stabilizing the purchasing power of money is soluble. I believe it is the second problem of economic importance confronting the people of the world at this time, and I believe this to be the psychological time to bring the matter up for serious consideration.

For the purpose of this discussion I have not in mind stabilization outside of this country. World-wide stabilization will come only when the Allies realize that Germany can pay her war indemnity only in goods directly or indirectly, and when we come to recognize that the allied debt to us can be paid only in the goods of the Allies and the goods of Germany which will indirectly pay it. With an indemnity due by Germany of around \$33,000,000,000 and only about \$9,000,000,000 of gold coinage in the world, all the gold coin in the world, if it were held by Germany, would pay but one-fourth of the reparations, and if perchance through some inconceivable and baleful natural force or artificial process Germany should acquire the gold with which to pay her indemnity and should pay it, the human mind can not conceive of the world-wide hell of inflation, worse than that of Austria or of Russia, which would come about, resulting in riot, revolution, and destruction of values until the sanity left in the world should have an opportunity to reassert itself and establish a new monetary basis. World-wide stabilization can never come about, and the German indemnity and the allied debt can never be paid while the tariff walls are being raised

higher and higher and our markets cut off from the commerce of the world. [Applause.]

My friends, our people are staggering under a burden of a war debt of about \$25,000,000,000. That means that the backs of our people are to be burdened with a load of taxation such as has never been known before in the history of this country. A large part of that burden must ultimately be borne by the consumer, which term has come to mean that part of our people who from necessity live from hand to mouth and to whom the price of commodities means so much. When we speak of the consumer we have in mind the long, long line of men and women and little children for whom the beautiful things of life, the things which so largely make up the sum of human happiness in this world of ours, are obscured by gaunt necessity. Half of this burden can be lifted if we make it possible for the allied debt to be paid. If the present tariff bill becomes a law, it can never be paid. I am forced to think that its framers know it can never be paid. Already the same influences which culminated in this tariff bill have been feeling out the American people on the question of canceling the allied debt. This seemed the thinly veiled theme of several of the addresses made at the meetings of the United States Chamber of Commerce held last week in this city, the Capital of the Nation. We will find out in the next congressional election whether the American people will permit this monstrous thing to be done. If this country had gone into the League of Nations in 1920, world-wide economic conditions would be largely stabilized now. Thousands of little children who have perished on the steppes of Russia from starvation and exposure would have been saved. Four million men and women would not now be walking the streets of this country begging for means with which to earn their daily bread, and the allied debt would now be in process of liquidation and payment.

I am in no sense a pessimist. I have an abiding faith in the good sense and clear vision of the American people; and I prophesy here and now, without the slightest hesitation, that within 10 years we will have a league of nations composed of the nations of the world and based substantially on the treaty which we failed to ratify; and I prophesy that as a reaction from that league of nations will come world-wide economic stability. Will anyone say that we are not interested in world-wide conditions? When a country or a people does not produce normally for itself because of faulty economic conditions, that country or that people will inevitably be fed and clothed to a greater or less extent by other countries and other peoples; and therefore our poorest people, our people who are most needy, together with every other element of the country, will enjoy the greatest degree of prosperity when the people of every nation are able to feed and clothe and house themselves and when the blessed sun of reasonable plenty shines most brightly everywhere.

Now, I have digressed a great deal in a way, have gone outside of the limits of the matter I started out to discuss; but the things I have been speaking of are correlated matters about which I feel very deeply and which may serve to emphasize the subject matter of this speech. My bill was drafted more particularly with reference to conditions affecting gradual rises and falls in general commodity prices which are not within the control of the Federal Reserve Board. In other words, now that we have this splendid banking system, it seems to me that the next step should be an attempt to prevent gradual rises or falls in general commodity prices through long periods of years, causing all concerned misery, misunderstanding, and bad feeling, and culminating in makeshift legislation, radicalism, and sometimes even in revolution and war.

In the Bureau of Labor Statistics in Washington there is what is known as an index number, which, as a rough explanation, I will say is computed by averaging the price levels of various commodities. These commodities are in nine groups—farm products; food, etc.; clothes and clothing; fuel and lighting; metals and metal products; lumber and building materials; drugs and chemicals; house-furnishing goods; and miscellaneous. There are, I think, 243 commodities listed in the nine groups, the wholesale price of each being accurately kept for the purpose of ascertaining the tendency of prices to rise or fall. A chart is kept which by means of a curved line graphically indicates the trend of prices. As your finger traverses this line from 1873 to 1896 you find prices constantly falling; from 1896 to 1914 prices constantly rising, with a sharp upward trend through the period of the war. As I looked at this chart the other day memories of the hard-worked and poorly paid farmer of my boyhood flooded back to me. It used to seem to me that this man who did so much for everyone else was able to do very little for himself. I remembered how almost impossible it was for him to pay his loans and mortgages. I remembered how the money lender flourished, and I began to see as clearly as we see the sun at noonday that during this period of constantly falling prices, which means ever higher money, the man who had commodities to sell suffered and the man who had money to sell flourished as the green bay tree; and as my finger traveled up the curve of high prices from 1896 I remembered how the man with the fixed income began to suffer, the complaints of the wage earner; that the school-teacher, the clerk, the office man, the salaried person of every type began to feel the pinch and eventually to actually suffer from this condition; and I saw pictured in letters of fire that the "wayfaring man, though he were a fool," might read and understand, the fixed income of these people becoming cheap and the commodities that they had to buy for their support and the support of their families correspondingly high.

Some may say, What of it? Where one person is injured another is benefited, but this is not the case. From about 1879 until 1896 populism rose from small beginnings, chiefly in the great agricultural areas of the Middle West; the money lender and the bondholder were held up to every reproach and contumely; the names of Russell Sage and Hetty Green were thought of as the name of Shylock. Discontent, bad feeling, and difficult financing reduced very much economic output and culminated in the free-silver campaign of 1896.

Shortly after the beginning of the rise of 1896—that is, at about the beginning of this century—the rise in prices began to spread the seeds of socialism among the worker and the man with the fixed income; industrial unrest began, labor unions were formed and became powerful, strikes common, and many of the seeds of the Great War were sown.

Nowhere throughout that part of the world using our monetary standard was the rise in prices felt with any more cruelty than among the middle classes and the toilers of Germany, and this discontent among the great bulk of the people went a long way toward creating the opportunity and, in the minds of some possibly, the national necessity for war.

A great teacher once said to his students: "Divide the study of any social situation into four questions: What is it? Why is it? What of it? What are you going to do about it?" I have talked about the first three questions. I fully realize that the study of the problem of stabilizing the purchasing power of money is in its period of early conception, and that the agony of birth and the gamut of the diseases of infancy and childhood must be run before we can hope to see the thing in the wondrous beauty of its maturity.

But some basis of discussion should be established, some concrete plan should be made the target of constructive criticism, and to that end I have introduced a bill, referred to the Committee on Banking and Currency, which attempts to stabilize average commodity wholesale prices by controlling the quantity of money and credits in relation to the volume of trade by increasing or diminishing that quantity as the average price level goes down or up.

It is probably as well not to undertake a detailed discussion of the bill here and now, but to let the matter finally develop from the committee if it should deem my views worthy of consideration as a framework for legislation.

Years of reflection convince me that equality of economic opportunity is probably the most serious concern of statesmanship. Class legislation lessens the creative enthusiasm of the group favored by it and restrains the economic development of the group outside the favored class.

All of us here to-day must in a few short years and in the fullness of time be gathered to our fathers; the eyes of none of us will shine with the light of those who see the blessed brotherhood that one day will come, when the lion and the lamb shall lie down together; but I firmly believe it lies within the power of Congress during the next few years to solve this problem of stabilizing the purchasing power of money, which will add so much to human happiness and help so largely in solving the gravest political questions.

Right here, as a matter demanding immediate consideration, I feel that it should be suggested to the Federal Reserve Board and to the bankers of the country and to the great thinking public, whose sentiment will so largely control the financial policy at this period of reaction from war inflation, that billions of dollars of war bonds of the Government were paid for in inflated—that is, cheap—money; that to double the price of the money with which these bonds will have to be paid, as is being seriously discussed as a part of a policy of deflation, will change the burden on the taxpayers of this country from twenty-five billions to the equivalent of fifty billions of dollars—that is, will double the burden—that numberless private contracts were entered into at or near the peak, and that practically the actual contract price would be thus doubled; that millions of dollars worth of farm lands were bought and farm mortgages given during the area of high prices, and that such a policy would probably cut the price of these farms in two and double the burden of the mortgage.

I firmly believe that the purchasing power of money can be stabilized. I believe that the solution, when we have it, will be found to be simple; and I trust that that solution will soon be embodied in legislation. I never want to see agriculture and industrial enterprise struggling in the agony of a long period of falling prices or to see the young, active, bright business man, naturally uninformed as to financial science and portents, feel that he is rising to prosperity on the tide of rising prices only to find his business bankrupt and his hope blasted in the inevitable crisis just beyond the peak.

I spoke a while ago of class legislation. It is mighty hard to control the class spirit which fosters such legislation. We all have the class tendency. With some it is social, with some economic, with some religious, with some sectional, with some a combination of two or more; but in whatever guise it appears, the result is antisocial and detrimental to the people as a whole.

The spectacle we have now in the Senate, and had in the House last summer, of the representatives of powerful interests parcelling out among themselves the resources of the country through the tariff bill with a reckless abandon, the same in principle with that of the buccaneers of the West Indies as they divided the loot from the captured trader, is simply a manifestation of the class spirit of powerful economic units, in utter disregard of the interests of the average man, woman, and child, of

the person with a comparatively small or fixed income, of the farmer, the small business man, and the laboring man.

Stabilizing the purchasing power of money, if it can be done, strikes at the very root of class advantage and tends to prevent the inception of movements of special privilege. It is mighty easy to get in the habit of losing sight of the under dog, mighty easy to garb with the cloak of conservatism the golden calf of indifference to the common weal.

We all want to be conservatives in protecting the people from the doctrinaire, the political adventurer, or the dealer in the same quack remedies and short-cut treatments which through the ages have gone along with the disintegration and downfall of peoples, but "Where this is no vision, the people perish," and the lessons of the war and postwar period have prepared the minds of the people for two great strides in government of the people, by the people, and for the people—a league of the nations of the world, providing for mutual reciprocal disarmament and legislation stabilizing the purchasing power of money.

In the consideration of this legislation the question of necessary cooperation with other nations need not be controlling, as we are dealing now with a much more uncertain exchange situation than any which independent stabilization by this country could possibly create.

On May 12, at Philadelphia, before the American Academy of Political and Social Science, Mr. Edmund Platt, vice governor of the Federal Reserve Board, speaking on America and the Debts of Europe, had this to say in connection with foreign exchange:

"It seems probable that the major depressions of exchange mark periods when our people were seeking to convert foreign balances into dollars, and that exchange recovered when most of the conversion had been made and losses wiped out. Some very large American exporters are known to have taken considerable losses in this way. They sold in terms of foreign currencies and found them when payments became due considerably depressed, but when recovery was delayed beyond their expectations they finally bought dollars and took their losses. Very large losses are also known to have been charged off by some of our bankers."

Again:

"No longer ago than April 1 the editor of the Economic World, whose articles are always worth reading and usually sound, predicted that 'no person now living will ever see the value of the present French franc of actual currency normally and regularly equal to one-half of that of the gold franc established by law as the monetary unit of France.' At the time that was published the French franc was quoted at about 9 cents in our currency. It had been as low as 5.79 in 1921 but had recovered to 8.13 at the end of December. Within a little more than two weeks after Mr. March made this prediction French francs sold at 9.375, and had little more than a quarter of a cent to go to reach half par. They have since fallen back somewhat, but I see no reason why they should not continue to advance if France makes progress toward balancing her budget. They are not lower now than our Civil War greenbacks were at one time, and complete restoration does not appear impossible, though it may take a considerable number of years."

We involuntarily shrink from the serious study of economic questions with which we are comparatively unfamiliar. It is irksome and subjects us to criticism of various kinds. Personally, in my own periods of complaisance with things as they are, I have gotten inspiration from the following lines of the American poet, James Russell Lowell:

Said Christ our Lord, "I will go and see
How the men, my brethren, believe in me."
He passed not again through the gate of birth,
But made Himself known to the children of earth.

Then said the chief priests, and rulers, and kings,
"Behold, now, the Giver of all good things;
Go to, let us welcome with pomp and state
Him who alone is mighty and great."

With carpets of gold the ground they spread
Wherever the Son of Man should tread,
And in palace chambers lofty and rare
They lodged Him, and served Him with kingly fare.

Great organs surged through arches dim
Their jubilant floods in praise of Him;
And in church and palace and judgment hall,
He saw His own image high over all.

But still, wherever His steps they led,
The Lord in sorrow bent down His head,
And from under the heavy foundation stones
The Son of Mary heard bitter groans.

And in church, and palace, and judgment hall,
He marked great fissures that rent the wall,
And opened wider and yet more wide
As the living foundation heaved and sighed.

"Have ye founded your thrones and altars, then,
On the bodies and souls of living men?
And think ye that building shall endure
Which shelters the noble and crushes the poor?"

"With gates of silver and bars of gold,
Ye have fenced my sheep from their Father's fold.
I have heard the dropping of their tears
In heaven these eighteen hundred years."

"O Lord and Master, not ours the guilt;
We build but as our fathers built;
Behold Thine images, how they stand,
Sovereign and sole, through all our land.

"Our task is hard—with sword and flame
To hold Thine earth forever the same,
And with sharp crooks of steel to keep
Still, as Thou leftest them, Thy sheep."

Then Christ sought out an artisan,
A low-browed, stunted, haggard man,
And a motherless girl, whose fingers thin
Pushed from her faintly want and sin.

These set He in the midst of them,
And as they drew back their garment hem,
For fear of defilement, "Lo, here," said He,
"The images ye have made of Me!"

The Anglo-Saxon peoples have gone a long way since those words were written, but, my friends, the next time you watch the glory of the winter storm, in warmth and comfort, consider to what percentage of the people that storm means only misery and hardship. That thought has often made me feel with terrible distinctness the long, long hill humanity has to climb to relieve the agony of the world.

I am confident the subject of these remarks is entitled to our most painstaking consideration. I am not so confident that the suggestions embodied in my bill even approximate a solution. I have an abiding conviction that this great body will at the proper time approach the matter with the caution which it demands, but with courage, with resolution, with vision, and with hope. [Applause.]

[Speech of Hon. T. ALAN GOLDSBOROUGH, of Maryland, in the House of Representatives, August 16, 1922]

MR. GOLDSBOROUGH. Mr. Speaker, since May 23 last, when I addressed the House on stabilizing the purchasing power of money, in which address I attempted to emphasize the incalculable value of stabilization to the farmer, the salaried man, and the wage earner, as well as to every other class in our complex and highly organized civilization, and on which date I introduced a bill for which the hope was expressed that it would serve as a basis for constructive legislation in the matter of this all-important subject, this body will be interested to know that the effort has been approved by farmers' organizations, labor organizations, and professional men, and also by the very highest authorities on national and world-wide finance, economics, and legislation. Without burdening the Record with the great mass of material which I have accumulated, I feel that this House will be glad to have inserted as a part of my remarks a letter from ex-Vice President of the United States Thomas R. Marshall; a letter from the Hon. Claude Kitchin, for long years a great national figure, chairman of the Ways and Means Committee of the House of Representatives during the Wilson administration, now the minority leader of this House, highly esteemed and much loved as he is by Democrats and Republicans alike; a letter from Roger W. Babson, president of Babson's Statistical Organization, Wellesley Hills, Mass., whose statistical work in the field of economics and whose analyses of business cycles are so well known and so important as to be found in most of the great business houses, banks, trust companies, and financial organizations throughout the country and also in the smaller ones which can afford them; a letter from the American Chamber of Commerce in Berlin, Germany; and a letter from William T. Foster, director of the Pollak Foundation for Economic Research, who sends with his letter his carefully worked out views on the subject, which I will incorporate in these remarks immediately following his letter. The communications mentioned follow in their order:

FRANKFORT, IND., August 9, 1922.

HON. T. ALAN GOLDSBOROUGH,
Washington, D. C.

MY DEAR MR. GOLDSBOROUGH: I am so glad that you have introduced a bill to stabilize the purchasing power of money. I wish I could be present at the hearing, but it will be impossible for me to do so. Don't let this matter drop or stop with a perfunctory hearing, because this is a thing that is going to come to pass, and you will be a very proud man to know that you had the honor of taking the initial step in the House of Representatives.

Cordially yours,

THOS. R. MARSHALL.

OFFICE OF MINORITY LEADER,
HOUSE OF REPRESENTATIVES,
Washington, D. C., August 4, 1922.

MY DEAR GOLDSBOROUGH: I thank you for sending me your excellent speech, which I read with unusual interest. It was admirably conceived and logically and clearly put. I congratulate you. I made no mistake when I championed your candidacy for membership on the Banking and Currency Committee and am glad I withdrew in your favor our North Carolina candidate. I want you to be as watchful and diligent as possible on that committee. On every measure from the committee I suggest that you make a speech, however short, explaining and analyzing the bill. When the Democrats get control of the House we will have much important legislation before that committee. I want you to go right

to the front with respect to the bills before it. Your power of analysis and clearness of expression, together with your practical experience, will justify your taking a leading part and becoming a most valuable and useful member.

Trust you have had a most restful and pleasant vacation and that no opposition in the primaries has or will arise. Your splendid record in Congress, together with the esteem and confidence of the membership of the House in you, should certainly prevent any such opposition.

With warm esteem, your friend,

CLAUDE KITCHIN.

P. S.: Am thankful to say that I will soon be back to my "old self" in good shape.

C. K.

REPORTS OF FUNDAMENTAL BUSINESS CONDITIONS FOR MERCHANTS,
BANKERS, AND INVESTORS

WELLESLEY HILLS, MASS., August 4, 1922.

HON. T. ALAN GOLDSBOROUGH,
House Office Building, Washington, D. C.

MY DEAR MR. GOLDSBOROUGH: I understand from our correspondence that a hearing is to be held on your bill for stabilizing the dollar toward the end of August. I hope to be present and to make a statement in person, but whether I shall be able or not I want to tell you how glad I am that you have brought forward this proposal. If you can convince Congress of the grave need of this legislation at this time, you will have accomplished one of the greatest tasks ever set before statesmen. If you do not succeed in your first attempt, I hope you will keep everlastingly at it. Depend upon it, some day the dollar will be stabilized.

It is the growing consciousness of the need of stabilization which has led not only to Professor Fisher's plan, which your bill embodies, but to the less-worked-out plans of Edison, Ford, Senator Ladd, etc.

Business men and bankers have expressed alarm over some of these proposals on the ground that they may produce inflation. Any proposal, the effect of which would be inflationistic, ought to be nipped in the bud. What we want is something to prevent both, and that is the object and effect of the bill which you have introduced. The common idea that we must on principle oppose any plan to change our currency system is simply sitting on the safety valve. If something is not done to give us a scientific and stable currency, some unscientific and unstable currency will be enacted. The only way to head off instability is to make greater stability. The conservative man who is afraid of a change ought to support your bill, because our present system changes our monetary standard every year. This constant change in the purchasing power of our dollar is the greatest foe of conservative business. It makes a speculation of everything. For years I have been studying the business cycle and trying to help the business man by foresight to struggle through the cycle. But I have repeatedly said in my speeches and writings on this subject that until we had the Fisher plan or some equivalent for stabilizing the dollar the business man would always be suffering from the business cycle. The trolley companies, which were at one time so prosperous, were literally ruined by the depreciation of our dollar. I have made a special investigation of this. I could give instance after instance of the evils which come from a changing yardstick in commerce.

As ex-Vice President Marshall has said, next to the peace problem the problem of stabilizing the dollar is of the greatest importance.

I have studied Professor Fisher's plan from time to time with great care, and the objections which have been alleged against it. As I have often said, only those who do not understand it oppose it.

Let me add that my audiences of business men all over the country, when they have had the idea explained to them, like it immensely.

The Congress which stabilizes the dollar will deserve and receive the everlasting gratitude of the business world.

With the most earnest wishes for your success, I am,

Very sincerely yours,

ROGER W. BABSON.

AMERICAN CHAMBER OF COMMERCE IN GERMANY,
Berlin, July 19, 1922.

To the Hon. T. ALAN GOLDSBOROUGH,
House of Representatives, Washington, D. C.

DEAR SIR: I thank you for sending me a copy of your speech on the stabilizing of the purchasing power of money. I read it through with great interest and found many ideas in it that were entirely novel, and I find many of my friends appreciate them as keenly as I.

Under separate cover I have taken the liberty to send you our publication. If at any time we can be of service to you will you please feel at liberty to call on us.

Thanking you again, I remain,

Very truly yours,

THE AMERICAN CHAMBER OF COMMERCE IN GERMANY,
ARTHUR E. DUNNING, Executive Secretary.

NEWTON 58, MASS., July 31, 1922.

HON. T. ALAN GOLDSBOROUGH,

Member of Congress, Washington, D. C.

MY DEAR SIR: I have been greatly interested in your speech of May 23 on the problem of stable money. I am glad to note that there is to be a hearing on your bill. At the request of Prof. Irving Fisher, I send you the inclosed statement of my views on this problem.

With best wishes, faithfully,

WILLIAM T. FOSTER,

Director, Pollak Foundation for Economic Research.

THE DOMINANT NEED OF BUSINESS: A STANDARD OF VALUE
(By William T. Foster, director of the Pollak Foundation for Economic Research)

Before the World War, a carpenter in Vienna loaned 3,000 Austrian gold crowns, the savings of a lifetime, the equivalent of a full year's wages. After the war the debtor returned to the carpenter in full legal settlement 3,000 depreciated paper crowns, the wages of three days' labor. Still further to illustrate the mockery of money as "a standard of value," Joseph Szebenyel tells of a traveler in a second-class restaurant in Vienna who offered the waiter a \$20 gold piece in payment for a dinner bill of 300 Kronen. The bewildered waiter, after examining the treasure with curiosity and delight, went to the proprietor and said:

"Here is a gentleman, sir, who wants to pay with a \$20 gold piece. How much am I to give for it?"

Having received instructions from the landlord concerning current rates of exchange, the waiter returned to the guest and said, seriously, "I am to give you as much change, sir, as you desire."

This story illustrates how far short money can come of being a standard of value or a standard of deferred payments. No matter how much value the monetary "standard" may measure at any one time, it may soon measure no value at all. On the other hand, we have not heard of a customer, even in Austria, asking how many yards of silk he could buy for a gold coin and receiving the answer, "I am to give you, sir, as many yards as you desire." The yardstick is a standard—that is to say, a virtually invariable unit—money is not. So zealously is the yardstick guarded against fluctuation in length that the visitor in Washington who wishes to observe the standard yard of alloy in the glass case in which it is kept at uniform temperature must view it through a telescope lest the heat of his body might change the length of the bar one ten-thousandth part of an inch. How ridiculous it would seem to substitute for this standard yard the waist measurement of the President of the United States. How the unit would have shrunk, as Professor Fisher, remarks, upon the inauguration of Mr. Wilson. Yet at one time the "yard" actually did vary with the girths of the chieftains, and the monetary "standards" of the world still do vary far beyond the physiological ranges even of the fat lady and the living skeleton at the circus. That is why, since 1914, the use of index numbers of prices to measure the shifting values of monetary units has spread rapidly, though nobody has needed an index number to keep track of the length of the yardstick. It is a true standard; money is not.

For one purpose only is money a standard. As long as the gold basis is adequate the power of money to purchase gold does not change; and this is an advantage to dentists and goldsmiths. They know precisely what weight and fineness of gold their dollars will buy year in and year out. The rest of us are equally protected; we have reason to feel complete confidence that our "good United States dollars" in any form will continue to be a standard of purchasing power in terms of gold, but not in terms of anything else. Unfortunately for us, it is almost always something else that we want to purchase.

It is often said that the chief difference between a money economy and a barter economy is due to the introduction of something whose value varies but little. "Money," says Prof. Alfred Marshall, "tends to steady the market." With the statement that money introduces into the processes of exchange a commodity whose value might be made virtually constant, many would agree; others would not agree. The fact is, however, that monetary units never have measured purchasing power with a constancy approaching that of our units for measuring space or temperature or force. Since the World War began money "standards" have been chaotic rather than constant. Whatever money might have done, if otherwise administered, it has in fact frequently unsteadied the markets of the world. The folly of thinking of money as a standard should be widely proclaimed until we succeed in making it a standard.

Paper money, when it is not actually and freely convertible into something which is regarded as valuable, is ridiculously far from being a standard of value. The history of every country teaches this lesson with painful iteration. During the war of the American colonies for independence the irredeemable continental issues fell off in purchasing power until the phrase "not worth a continental" passed current as the money would not. Early in the nineteenth century Spain issued paper pesetas until they had depreciated 96 per cent, although the Government still declared them to be legal tender. During the same period Austria printed so many florins that eight of them would not buy a single silver florin. In the Argentine, in 1840, fiat money was issued in such

quantities that it took thirty-two times as many paper pesos as formerly to buy an ounce of silver. During the Civil War in the United States irredeemable "greenbacks" were issued until, in 1885, according to the index number of wholesale prices, it took \$219 to buy what \$100 would buy in 1860. In Uruguay, in 1875, paper money increased in volume until the premium on gold ran as high as 875 per cent. Following the Satsuma insurrection, Japan issued inconvertible government notes until the total circulation was more than 100,000,000 yen, and the premium on silver was 79 per cent. In spite of these lessons of history many European countries during the World War and after plunged into veritable debauches of irredeemable paper money.

In England money fell to about one-third of its pre-war purchasing power. In France it fell further; in Italy, still further; while in Germany the mark fell below one-seventieth of its pre-war exchange value. In Austria, where paper money poured forth from the printing presses until it cost more to print a krone than a krone would buy, the thrifty proprietor of Kronen Bler used paper money for labels in order to reduce his printing bill. It remained for Russia to say the last word concerning irredeemable paper money as a standard of value. Lenin and Trotsky pursued the policy of fiat money to its logical conclusion. As a result, a Russian 1-ruble note, which was worth about 33 cents on the pre-war gold basis, is not worth a peasant's notice on no basis at all. It takes more of these notes than his pockets will hold to buy a copper cent's worth of bread.

Ridiculous as it is to call money a standard which is based on nothing but the fiat of a government, it is equally ridiculous to call money a standard merely because it is based on land or public credit. A ship is not held in place when it is made fast to another ship, which is itself drifting. If land or public credit were the basis of money, the value of the basis in terms of dollars would itself increase with the depreciation of the dollar and thus provide eventually for issues of paper money as boundless as Russian rubles. Equally futile is the attempt to stabilize the purchasing power of monetary units by having them "represent" energy units, or labor hours, or production capacity, or merely anticipated output of wheat, or fertilizers, or anything else. Unless by "represent" we mean actual and free convertibility into a commodity having the characteristics of gold, representative money is inevitably unstable money.

All this now appears obvious to most people. Not so obvious is the fact that money is not necessarily a standard even when it is convertible into gold. Yet the recent experience of the United States, to cite none of the other numerous examples, proves that the "gold standard" itself is not a standard; that paper money may be on a genuine gold basis—that is to say, actually and freely convertible into gold at a fixed parity up to the limits of the demand for conversion—and yet be unstable in purchasing power. So far does the gold basis fail to make money a standard of value or a standard for deferred payments that the United States dollar of 1920 was worth not more than 38 per cent of the dollar of 1913. In other words, the wholesale price level increased during those years about 165 per cent. Even in time of peace the fact that paper money is convertible into gold does not make it a standard. Before the war various commodities were freer than dollars from fluctuation in exchange value. A depositor who wished to protect his savings against any variation whatever in exchange value could have achieved this purpose most nearly, it appears, by taking his dollars out of the savings bank and investing them in carpets. Carpets came nearer than dollars to being a standard for measuring purchasing power in the sense in which the yardstick is a standard for measuring carpets. From 1873 to 1896 money appreciated in gold-standard countries about one-quarter; from 1896 to 1914, on the other hand, money depreciated about one-third. In short, whether in time of war or in time of peace, the so-called gold dollar has proved unreliable in exactly the same way, though not to the same extent, as the inconvertible paper dollar.

A gold basis evidently does not necessarily stabilize the purchasing power of the superstructure of paper certificates and bank credit. But is not gold itself stable in value? Would it not be possible, therefore, to have a stable dollar if all money were either actual gold coins or paper certificates backed by 100 per cent of gold reserves? Far from it, for gold itself is unstable. In point of fact, as Jevons long ago demonstrated by means of index numbers of prices, the value of gold has varied greatly from time to time. During the 20 years preceding 1809 gold prices doubled, which is the same as saying that the value of gold was reduced 50 per cent. During the next 40 years the situation was reversed; the value of gold doubled and prices were cut in two. Then followed a period of rising prices up to 1873, during which the purchasing power of gold was reduced one-third. Since 1873 these up-and-down movements have continued.

Nevertheless in gold-standard countries at the present time gold is often regarded as the standard of value. The generally accepted idea is that the value of gold determines the purchasing power of the paper money that is based on gold reserves. On the contrary, the purchasing power of the gold is determined by the value of the paper money and all the other money, of which the gold is a small part. If it were not for the use in the United States of paper money and bank credit based on gold reserve, the gold dollar might now be 5,000 per cent higher in purchasing power. In that case \$1 would buy a bicycle, but it would take a laborer more than two weeks to earn the dollar. In short, although the value of gold has always varied widely, its value in gold-standard countries has not fluctuated as widely during the past few decades as

it would have fluctuated had gold been the only medium of exchange. Some of our present-day critics of the Federal reserve system and of the bank credit and paper money that it supports quite overlook the fact that our dollar comes very much nearer to stability than would have been possible had every dollar been made of a fixed quantity of gold.

The value of gold, like that of any other commodity, is affected by changes in supply and demand. The supply of gold may be increased suddenly by the discovery of new mines or new processes; it may be increased a thousand fold by the invention of methods of making gold out of baser metals or extracting it from the sea—achievements that are no more chimerical than the phonograph. The demand for gold, on the other hand, even if gold were the only medium of exchange, might be changed at any time by changes in the amount hoarded, in population, in fashions, in the use of substitutes for gold in the arts, and above all by changes in the volume of commercial transactions. In short, even if gold were the only medium for exchange, neither the demand for gold nor the supply of gold would naturally fluctuate in any known or predictable relation to fluctuations in the work which money is called upon to perform. Therefore, gold itself would fluctuate in purchasing power.

We must conclude that everyday thinking concerning economics would be relieved of one of its many confusions if our unstable monetary units were not again referred to as standards of value. In connection with our personal affairs—investments, insurance, family budgets, and daily purchases—even those who regard these remarks as commonplace do not consistently take into account shifting price levels. In business enterprises as well, men who are perfectly aware that prices are changing nevertheless frequently fall into economic error because they disregard the full effects of changing prices. Looking upon their book profits as though dollars were standards of value and prices were stable, they joyously expand their operations, and they commit themselves to future payments in money, merely to find to their dismay that their profits are only in depreciated goods, while their debts are legally payable only in appreciated dollars. Optimistically relying on money as a standard measure of foreign trade, a leading financial journal assured us early in 1921 that "exports from the United States to Germany in the fiscal year which ends with June, 1921, will be of greater value, measured in good American dollars, than in any year in the history of our trade relations." "Good American dollars" are good for what? When we answer that question correctly we find that exports to Germany in the year in question were really less than they had been for 20 years. The false conception of money as a standard of value has obscured its actual effects on the economic order.

INFLATION AND DEFLATION

Much current controversy is due not to conflicting ideas but to conflicting uses of the same word. This is true of the monetary term inflation. When a nation has too much money it is said to have inflation. That is about as near as we can come to an accepted definition of the term. As to what constitutes having too much money there is no agreement. Most commonly, however, inflation is defined as a quantity of currency or bank credit, or both, in excess of "the legitimate requirements of business." So far so good, but what are the legitimate requirements of business? The answers to this question are many and varied; they agree for the most part only in being hazy.

Such phrases as "the requirements of commerce," "trade needs," "the financial demands of industry," and "enough money to do business with," while appearing to be quantitatively exact, are in reality far from it. As they are used in everyday discussions of monetary problems these phrases merely add confusion to subjects that are already confusing. Prices and volume of money are definite factors, subject to approximately exact measurement; but what is the measure of "trade needs"? No definite measure whatever is used in connection with most of our current discussions of money. Yet it is possible to define inflation and the financial needs of business with quantitative precision.

If we are right in the contention that the chief monetary need of business is a stable price level, our interest in the volume of money centers around its effect on the price level. After all, most people care nothing about fluctuations in the supply of money until something startling happens to prices. If the world had experienced extraordinary expansions of currency only in connection with equally extraordinary trade revivals, accompanied by no extraordinary rise in prices, it is safe to say that monetary discussions would have found no use for the term "inflation." It seems best, therefore, to define inflation with reference to changing price levels.

If we use the term "inflation" to denote any condition of money that permits a rise in the general price level, we confine ourselves to a definite and logical use of the term and one which directs attention at once to the practical problem with which business is chiefly concerned. Similarly, we may well define deflation as any condition of money which permits a fall in the general price level. Fruitless controversies are thus avoided over the question what is normal and the question whether, with a given volume of money at a given time, we have inflation or deflation, or neither. We do not now speak of normal and abnormal degrees of fever. Any rise at all in the temperature of the human body above 98° is fever. On this point we do not argue or even ask the opinions of doctors; we read the thermometer. If we adopted an equally definite use of the term "inflation," we should not consult economic doctors concerning the condition of money; we should read the index numbers of prices. If we found that the price level was rising—in

other words, that the value of the monetary unit was falling—we should know that the currency had been inflated.

THE VICIOUS SPIRAL OF INFLATION

Inflation leads naturally to further inflation. Once the upward movement of prices has started, there are at present no forces in the ordinary operations of business and finance sufficient to correct the fault. If the volume of money is freely "responsive to the needs of business," it is responsive to the needs of inflation. When prices are rising, no matter what the causes may be, prices tend to rise still higher. Higher prices lead to higher wages; higher wages lead to still higher prices. Higher dollar valuations of products are used as bases for larger bank loans; larger bank loans put more money into circulation and thus provide buyers with the means of further bidding up prices. In Germany, for example, following the World War the danger of continued inflation decreased the value of the mark in foreign trade; this increased the real burden of the reparation payments; this, in turn, led the Government to call upon the Reichsbank for new loans, which caused still further depreciation of the mark. All this stimulated further speculation, which decreased the amount of money available for other uses, and thus led to new demands for new issues of currency, which led to higher prices, which incited the people to demand larger doles, which increased the Government budgets and forced upon those in power the recurrent alternative of printing more marks or being thrown out of office. Thus, wherever the volume of money is not regulated in the interests of a stable price level, the vicious spiral of inflation carries a nation on to a crisis.

Furthermore, inflation of the currency thrusts the financial burdens of a nation most disastrously upon people who are least able to bear them, on those with fixed incomes—clerks, teachers, some groups of wage earners, and all people with small salaries, and on widows and orphans dependent on pensions or insurance annuities or savings-bank accounts. Meantime some holders of goods and some speculators in the exchanges make vast fortunes out of the sufferings of others. In a remarkably sound and penetrating series of papers published in 1791, Pelatiah Webster describes the results of the contemporary inflation: "If it saved the State," he says, "it also polluted the equity of our laws; turned them into engines of oppression and wrong; corrupted the justice of our public administration; destroyed the fortunes of thousands who had most confidence in it; enervated the trade, husbandry, and manufactures of the country; and went far to destroy the morality of our people." In short, governments, by means of excessive issues of paper money or forced loans from the banks, destroy the standards which they themselves have set up, and thus deliberately repudiate large parts of their own debts. Inflation of the currency is, in fact, national, official repudiation of fundamental principles of justice.

DISASTROUS EFFECTS OF UNSTABLE MONEY

Shifting price levels are disastrous morally, socially, economically.

Unstable monetary units are morally injurious, because they are unjust. As a matter of justice, the dollars returned in payment for a loan should be the same as the dollars borrowed—the same in the only quality that matters, their purchasing power. Dollars are not standards of deferred payments unless their command over the general range of commodities remains virtually the same, year in and year out. When their purchasing power changes, either the debtor or the creditor loses more than justice demands. Our Austrian carpenter loaned his full year's wages and received in full payment the wages of three days. Thus does unstable money make a mockery of thrift. In gold-standard countries the injustice differs in degree, but not in kind.

Because shifting price levels provide these opportunities to get something for nothing, inflation does the moral damage of encouraging extravagance and wild speculation while it discourages thrift and honest labor. In describing the degenerating influences of one period of inflation, Andrew D. White says: "In city centers came a quick growth of stock jobbers and speculators, and these set a debasing fashion in business which spread to the remotest parts of the country. Then, too, as values became more and more uncertain there was no longer any more motive for care or economy, but every motive for immediate expenditure and present enjoyment. So came upon the Nation the obliteration of the idea of thrift. Luxury, senseless and extravagant, set in, and this, too, spread as a fashion. To feed it, there came cheating in the Nation at large and corruption among officials and persons holding trusts; and while the men set such fashions in business, private and official, women set fashions of extravagance in dress and living that added to the incentives to corruption. Faith in moral considerations, or even in good impulses, yielded to general distrust. National honor was thought a fiction cherished only by enthusiasts. Patriotism was eaten out by cynicism." It is impossible to tell, merely from reading this account, whether it was written to describe the condition of France during the "Mississippi bubble" orgy of speculation in the early eighteenth century, or the similar troubles of Austria in the early nineteenth century, or the reckless expansion of the continental currency in the United States during the Revolution, or conditions in central Europe in 1922, or—what the passage was written to describe—the experience of France during the revolution with the infamous paper assignats.

Travelers on the Continent now find business men, professional men, and even laboring men, "exchange mad"; gambling seems to be their main occupation. This moral breakdown is only in

small part, if at all, the necessary aftermath of war; it is, however, the inevitable result of vast inflation. It is sure to come, to some extent, with any degree of inflation. On the other hand, the alternative of financing a nation by depreciating the currency is the rigorous moral exercise of abstinence, economy, and hard work. There have been many futile attempts to make people moral by government regulation, but no government has had the courage to make full use of the most effective methods at its disposal. Nothing within the power of the State would do so much for public morality as stable money.

INFLATION AND SOCIAL UNREST

Inflation leads to social unrest, for whatever is morally wrong is socially intolerable. Whenever certain groups, through no virtue of their own, are prospering, while other groups, through no fault of their own, are suffering there is cause for protest against the established economic order. The protests are directed anywhere except in the right directions, for few people understand where their troubles begin. Meantime, their troubles are real and their resentment is righteous.

Following inflation profits inevitably rise faster than wages and rising profits inevitably incite a rising spirit of revolt. Workers everywhere are more likely to be content with low wages when business is bad than with high wages when business is good. No wages whatever, no matter how far above the amount carefully figured by labor leaders or by economists as required "to keep a typical family of five in health and comfort," will be satisfactory as long as workers believe that the conditions of the business warrant higher wages. As the profits of war industries increased in England laborers demanded "a fair share of the increase." They had no means of knowing what a fair share would be, nor did they much care. It seemed to them that employers were making all they could make; there seemed nothing to do but follow the example. And as money profits were really piling up, employers put up wages rather than run any risk of strikes. The increased pay roll was promptly provided by the increased prices of the products. The consumers of these products paid the bill. Wherever the employers had war contracts on a cost-plus commission basis they had no objection to higher wages; the higher the wages the higher the profits. In such cases the consumers were all the people, and all the people paid in taxes, direct and indirect, both the wages and the profits. Thus inflation led to the high cost of living and to widespread discontent. Says the French proverb, "After the printing press, the guillotine."

As wages rose in the United States during the war, wage earners went into the markets with the expectation of buying more goods than they had been accustomed to buy with their old wages, for they were still more or less attached to the idea of money as a standard of value. They thought that, with more dollars than they had ever dreamed of getting, they ought somehow to be better off than ever before; yet they felt that they were not as well off. And they were not. They said that the level of the river does not and can not change; it seems useless to seek their aid in the adoption of flood-prevention measures. Meantime, their refusal to face the facts and their failure to devise safe and practicable remedial measures make it easy for Mr. Ford and Mr. Edison, and innumerable other equally misguided though less distinguished reformers, to arouse popular enthusiasm for measures that would merely lead us from monetary confusion to monetary chaos.

INFLATION IS ECONOMICALLY DISASTROUS

In the stress of a nation's need, inflation deceives the people generally, and often the government itself, by making it seem easier than it really is to obtain the sinews of war—or the after-war sinews of bonus payments. On a boundless expanse of paper currency any loan whatever can be floated to-day and a larger one to-morrow. It is "easy money." The trouble does not begin until the Government tries to exchange the money for something useful—and the trouble does not end until the easy money is offset by hard work. If the process of raising a war loan doubles prices, the Government finds when it spends the money that it can obtain only half the needed cannons and shells. The dollars themselves do not go to the front. Meantime, no pressure has been brought to bear upon the people to produce more and to consume less. On the contrary, as we have already seen, inflation promotes extravagance in consumption, and, as we shall now see, it also promotes inefficiency in production.

Inflation, it is true, increases profits, and profits stimulate industry; but the stimulus falls like the gentle rain from heaven on the just and the unjust—the producers who hinder as well as those who aid the winning of the war and the winning of the peace that follows. Furthermore, the stimulus is only temporary. Although rising profits at first increase production, they also increase a kind of social unrest that soon interferes with production. The object of Government financing during the war was necessarily to obtain more goods, and more goods were obtained as long as increased bank credit enabled employers to put idle people and idle machinery to work. The country soon reached the point, however, where it was employing virtually every man and every woman who was able and willing to work. After that, employees could add to their own staffs only by taking laborers away from other employers. At this point competition among employers for workers inevitably resulted in higher wages and, consequently, in new demands on the banks for increased working capital. But bank credit created for the purpose of enabling somebody to take workers or orders away from somebody else did not increase production. There was no gain in the efficiency of the workers; on

the contrary, the workers, already incensed over "war profiteering," had less incentive to efficiency than ever, since they knew that if they lost one job they had only to go across the street to find another job. Moreover, the unusually high profits led to careless business methods; and excess-profits taxes led to further extravagance, prompted by the thought that a large part of what might be saved would be taken by the Government in taxes. The net results of inflation—of thus placing new purchasing power on the markets without a corresponding increase in production—were a further rise in prices, followed by further inflation, followed by further economic inefficiency.

Morally, socially, and economically the dominant monetary need is a unit of exchange that is a true standard of value.

In the face of all these facts, obvious as they seem, we find leaders in the world of commerce and finance still insisting that the American gold dollar is a satisfactory standard, stable in purchasing power. In the editorial columns of the Commercial and Financial Chronicle appears this eulogy: "To-day this dollar, in the confusion of finances, the disorder of so-called 'exchanges,' the debasement of foreign currencies, stands alone, unchanged, and unchanging. Because it exemplifies the gold standard in itself it is stable. Why or how has its 'purchasing power' diminished? This is a supreme fallacy; it has not. It stands out above the carping critics who would make it a shifting thing. Around it whirled a fateful war, and it stood fast. But only because back of the American dollar is the gold dollar and back of the gold dollar is the gold standard—and that though 'tried' is not found wanting." In another editorial we read that "the gold standard as a standard does not change at all" and the American dollar is the "sole and chief representative of stability in the monetary world of to-day." Thus is expressed that unreasoned faith in the stability of the gold standard which has become a cardinal point in the creed of many business men and which prompts them hastily to reject without due consideration all proposals for stabilizing price levels, the worthy along with the unworthy. Such men obstruct economic progress. If people who are being carried away by a flood still insist again and again that they should be glad to return to their pre-war wages and pre-war prices. They believed that somehow they were being fooled. They condemned employers, shareholders, "profiteers," "Wall Street," the Federal reserve system; in short, they condemned everybody who seemed to be profiteering by the war, while they themselves seemed to be losing.

As wages were put up in "essential" war industries, they had to go up eventually in virtually all other industries. The substantial increases in the pay of munition makers in England, like the increases in the pay of metal workers, shipbuilders, and railroad men in the United States, unsettled the economic order. Ordinary and accepted relations between the wages of various groups of workers were upset. Unrest followed. As soon as the increased wages of munition workers were charged up to other workers in higher prices and higher taxes the other workers demanded the wherewithal to pay the higher bills. But before they received their new wages the bills were higher still. So they demanded further increases. These increases promptly went into costs, and prices continued to rise. For wages as a whole it was an uphill struggle to overtake prices, which had started up the hill first and seemed to keep the lead without even a struggle. Thus the vicious spiral of inflation is always a vicious cause of injustice, and so of industrial unrest.

FORTIFYING THE FEDERAL RESERVE SYSTEM AGAINST INFLATION AND DEFLATION

[Speech of Hon. T. ALAN GOLDSBOROUGH, of Maryland, in the House of Representatives, Saturday, February 17, 1923. The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act]

Mr. GOLDSBOROUGH. Mr. Chairman, the bill before the committee is the result of extended hearings and careful analysis on the part of the Committee on Banking and Currency, and while the bill as presented to the House with committee amendments is the result of much mutual concession within the committee, we believe it is a bill covering the subject which will receive substantially the widest approval of the American people, both in numbers and scope of territory. While the bill changes administrative features of the law, we believe that these are matters which can be adjusted from time to time as public policy dictates. The modifications of the loan limit is a matter which, in my opinion, demands from the House the most serious consideration. Feeling as I do that the committee did as well as it could under all the circumstances, I am in favor of the bill as reported with committee amendments and will now ask the attention of the Committee of the Whole House to a somewhat collateral consideration, which seems to me most important and can well demand the closest consideration by every Member of the National Congress.

On February 1, addressing the Committee of the Whole on the bill from the Banking and Currency Committee limiting expenditures in the construction of Federal reserve bank buildings, the distinguished gentleman from Illinois [Mr. Madden] in referring to the Federal reserve banks, spoke as follows:

"Every time the banks show an excess amount of earnings they should be compelled to reduce the rediscount rate so as to keep their earnings in reason and thereby give to the borrowing public of the country an opportunity to get money at cheaper rates than they have been able to get it."

As a matter of fact, Federal reserve banks are only allowed to retain 6 per cent of their earnings for themselves, the remainder going back to the people through the Federal Treasury; but the point I wish to make is that the immoderate use of the rediscount facilities of the Federal reserve system is the thing which has caused the speculation, the inflation, the deflation, the economic unrest, the drop in the price of farm products, and the general suffering of the last few years.

Due to the increase in the gold supply from the gold discovered in Alaska, in the Klondike, and South Africa our bulk of money and available credit expanded from 1896 until 1914, and the primary purpose of the Federal reserve act was not to make available more credit but to prevent the contraction of credit and the artificial causing of depression and panics by large financial interests. The Federal reserve act legislation was passed, of course, at exactly the right time, because without its machinery we could never have financed the war, and the public and private burden of debt is, of course, too great to justify our going back to the old system, even if it were desirable for any reason, but there is grave danger of the primary function of the Federal reserve system being lost sight of and of its being made the means of a most unwholesome credit situation.

There are inserted in this speech as a part of it certain figures which can easily be verified and which I believe can be profitably studied by every Member of Congress and which are as follows:

Summary table

[In thousands of dollars on June 30. Annual index numbers, 1913=100]

Years	Money in circulation	Individual deposits in all commercial banks	Physical production	Wholesale prices
1917.....	\$3,573,997,000	\$21,867,219,000	120.7	177
1918.....	4,367,045,000	23,386,377,000	118.0	194
1920.....	5,380,853,000	32,496,718,000	118.7	226
1922.....	4,375,556,000	31,414,812,000	112.3	149

Total stock of money and gold in the United States, total money and gold in circulation

[In thousands of dollars]

	Total stock of money	Gold stock	Total money in circulation	Gold in circulation ¹
June 30—				
1914.....	\$3,738,599,000	\$1,890,657,000	(?)	(?)
1917.....	5,408,549,000	3,019,147,000	\$3,873,997,000	\$1,615,413,000
1918.....	6,741,532,000	3,075,789,000	4,367,045,000	990,718,000
1920.....	7,887,182,000	2,687,513,000	5,380,853,000	675,545,000
1922.....	8,178,602,000	3,785,821,000	4,375,556,000	590,468,000

¹ Amounts held outside the U. S. Treasury and the Federal reserve banks.

² Comparable data not available.

Loans and discounts, investments, and individual deposits of all reporting banks in the United States, except mutual savings banks

[In thousands of dollars]

	Number of banks	Loans and discounts	Bonds, stocks, and other securities	Individual deposits
June—				
1914.....	26,131	\$13,164,435,000	\$3,729,448,000	\$14,602,107,000
1917.....	27,301	18,225,827,000	5,872,132,000	21,867,219,000
1918.....	28,255	20,199,849,000	7,567,831,000	23,386,377,000
1920.....	29,519	28,664,668,000	8,671,243,000	32,496,718,000
1922 ¹	29,770	24,859,018,000	9,540,274,000	31,414,812,000

¹ Preliminary figures.

Total cash reserves and excess reserves ("free gold") of the Federal reserve banks and ratio of cash reserves of Federal reserve banks to individual deposits of all commercial banks in the United States

[In thousands of dollars]

Period	Cash reserves of Federal reserve banks	Free gold of Federal reserve banks ¹	Reserve percentage	Per cent of cash reserves of Federal reserve banks to individual deposits of all commercial banks
June—				
1917.....	\$1,334,352,000	\$689,221,000	75.4	6.1
1918.....	2,006,199,000	781,576,000	61.7	8.6
1920.....	2,103,284,000	250,965,000	43.4	6.47
1922.....	3,144,542,000	1,624,192,000	77.9	10.0

¹ Amount held by Federal reserve banks in excess of required reserves.

Prices and production

Period	Annual average prices	Physical volume of production		
		Industrial	Agricultural	Combined
1913.....	100	100	100	100
1917.....	177	121.2	120.0	120.7
1918.....	194	117.8	118.3	118.0
1920.....	226	114.0	124.4	118.7
1922 (year).....	149	106.5	119.4	112.3
Fourth quarter.....	155	121.8	119.4	120.7

¹ Figure for year 1922.

I am only going to refer to a very few of them at this time. In 1914 the reporting banks of this country had loans and discounts aggregating \$13,164,435,000. They owned bonds, stocks, and other securities amounting to \$3,729,448,000. In 1922 the figures were: Loans and discounts, \$24,859,018,000; stocks, bonds, and other securities, \$9,540,274,000; whereas the physical volume of production was only 12.3 per cent greater in 1922 than in 1914. We find the wholesale price index for 1922, 49 per cent higher than in 1914, and it has since gone up about 13 per cent. We find Federal reserve notes in circulation as of February 14 amounting to \$2,243,603,000 and the reserve at 75 per cent.

There are various bills in the process of enactment through the Congress, the merit of any one of which I am not here and now discussing either favorably or unfavorably, which, if enacted into legislation, frankly contemplate immense additional credit structures, all to be ultimately supported by the Federal reserve system. If the present resources of the reserve system are allowed to be fully extended with our present immense supply of gold, the general price level of 1920, 126 per cent higher than the price level of 1914, will be exceeded, and this is exactly what will happen within the next four years unless there is some Federal legislation to stabilize the purchasing power of money. The Federal Reserve Board can not control the situation. The power of the Federal Reserve Board is defined by subsection D of section 14 of the Federal reserve act, which subsection gives to the Federal Reserve Board the final authority over rediscount rates to be charged by the Federal reserve banks—

"which shall be fixed with a view of accommodating commerce and business and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the advances and discount accommodations extended by the Federal reserve bank to the borrowing bank."

Under this section no board would have the hardihood nor, in my judgment, the legal right to interpret this section so as to regulate rediscount rates with a view to perpetuating substantial stability in the general price level, and the very least, it seems to me, that the Congress should do would be to amend subsection D by placing the word "agriculture" before the word "commerce," and, after the word "business," add the words "with a view of moderating fluctuations in the general price level." If some affirmative authority of this kind is not given the board it must ultimately give way to clamor for credit, first from one source and then another, and culminate in a situation worse than the collapse of 1921 and 1922.

My friends, few of us realize the awful possibilities for good or evil of a colossal credit structure like the Federal reserve system. Credit beyond the legitimate needs of business expansion breeds inflation in general price levels; inflation in general price levels appears to justify another margin for credit; when further credit is extended the inflation in general price levels which follows furnishes a new basis for credit until the whole structure falls in on itself.

This system must be supported by some sort of legislation to stabilize the purchasing power of money. The House Committee on Banking and Currency have just completed some very interesting hearings on a bill introduced for the purpose of securing this very stability. It is not my purpose here and now to discuss the merits of that bill, but I believe that every Member of Congress upon a reading of the hearings will be convinced of the necessity of prompt legislation which will place our immense credit structure under such measure of control as to prevent inflation and its consequent following period of speculation, deflation, and collapse, so that we will have a democracy indeed in finance, where every man, be he farmer, business man, banker, or laboring man, can have the credit he needs in order to carry on and to extend the scope of his usefulness in a conservative and wise manner as well for himself as for the public at large; but where, also, the machinery of credit will be so adjusted as to sound its own warning when a period of healthy expansion is being passed and a period of overproduction and speculation being reached.

What the farmer buys is costing him now around 76 per cent more than it did in 1914, whereas the price of what he had to sell during his selling period in 1922 was less than in 1914, although now the price level of farm products has risen to about 25 per cent more than it was in 1914. Stabilization of the general price level will very rapidly bring the price of farm products up to a point of yielding a wholesome and satisfactory profit, but another period of inflation and collapse will only increase the

burden of debt under which the farmer is struggling. As for the man or woman with the average income, and the wage earner, a period of inflation, during which the dollars they receive will constantly buy less and less, is a period of acute suffering and a grave type of economic and social evil. Let us act now before the lessons of the last three years are entirely forgotten.

STABILIZATION OF MONEY

[Speech of Hon. T. ALAN GOLDSBOROUGH, of Maryland, delivered before the Maryland State Banking Association (printed in the CONGRESSIONAL RECORD by the request of Hon. Eugene Black, of Texas, Monday, June 2, 1924)]

Mr. Chairman and gentlemen of the Maryland State Bankers' Association, in the course of these remarks I hope you will not be forced to feel about me as a woman felt who met a friend she had not seen for several years and who said to her:

"Your husband does not knock you about as he used to, eh?"

"No, sir," the woman answered.

"I am mighty glad to hear it. After all, his heart is in the right place."

"Oh, yes, sir; his heart's in the right place, and the rest of his body, too. He is in jail."

I trust also you will not be as careful to show this feeling as was Mrs. Maloney when she was brought before the magistrate for an assault on Policeman Casey. She had been unusually attentive throughout the proceedings, and now the judge was summing up the evidence.

"The evidence shows, Mrs. Maloney," he began, "that you threw a stone at Policeman Casey."

"It shows more than that, your honor," interrupted Mrs. Maloney, "it shows that Ol hit him."

When I was asked to address this distinguished body of representative Marylanders the question naturally arose as to what I could say which would be of interest and possibly of some service. Years ago in Caroline County, when I was a boy, we had only one bank, and the offering of a promissory note to that institution for discount was done with the humility proper in the asking of a great favor, while the board of directors in discounting that note, which, by the way, had to be protected by indorsements representing many times the amount asked for, deported themselves as if they were a charitable organization bestowing from their own individual resources largess to the benighted multitude. This is no longer the condition. With 10 banks in the county, each bidding for business, the danger now, in so far as there is danger, is toward too great laxity in loaning the funds of these banks. What has happened in Caroline County is typical of what has happened in the other counties of Maryland and in Baltimore City, is typical of what has happened in all the older communities through the length and breadth of the United States, and is typical of that spirit of democracy which is the result of a vastly increased average intelligence, enlightenment, and education, and which, in its spread not only throughout our own great people but the people of the world, is so great a part of the hope of the future.

It is extremely difficult to segregate basic human necessities and single out any given one or two as of paramount importance, but, based not only upon preconceived notion but upon what I believe has been a patient investigation, I have reached the conclusion that there are at least two fundamental human problems that our people are now prepared to consider and solve—the abolition of war and the stabilization of money. It is of this last I would speak.

My grandfather was a country doctor, and in 1885, as a very small boy, I began to drive with him constantly, except when I was in school. In those days the farmer had no hours; the farmer's wife had no hours. They worked from the time they could see in the morning until daylight down at night, and as a class they were always poor. This fact was driven home to me, because time and again when it was necessary for the family doctor to make some sort of a collection in order to live he found that after the interest and bonus on the bill of sale had been paid and the interest and part of the principal on the fertilizer note and the taxes and insurance attended to there was nothing left for the doctor; and a great many times, instead of making a collection, he "lightened his wallet" to him who was less well off than he. I wondered about this condition. I tried to think why it was that these people whose work was never done were always poor. Afterwards, with a broadening view, I wondered why it was that the average of those with things to sell were at such a great disadvantage relatively with those who had money to sell. About the time I graduated from college in 1899 I noticed a change. Those with things to sell had gradually begun to prosper and those with money to sell gradually began to do not so well, and finally I reached the conclusion that from my earliest recollection until near the beginning of the century the investor and the man with a fixed income appeared to be always in a gradually better position, while the small business man, and especially the producer—having in mind the farmer—was constantly going back; and that since the beginning of the century and up to 1914 the position was exactly reversed, although the farmer, for other reasons, has always occupied a relatively unfavorable position. Finally, it appeared to me that various social phenomena had resulted and were resulting from these varying conditions. The gradual fall in prices from 1873 to 1896 culminated in the Bryan free-silver campaign, which, if successful, would have resulted and was intended to result in the paying of

debts with cheap money; that is, in the partial repudiation of obligations.

In the period from 1896 to 1914 we heard no more about free silver, but a wave of unrest began to spread among those with a fixed income; the clerk, the school-teacher, the salaried man of every class began to feel with ever-increasing pressure the gradual rise in the cost of living. Labor unions were formed, strikes became common, radical legislation of all sorts was offered in Congress; some of it was passed. We began to hear of capital as distinguished from labor and labor as distinguished from capital, as if our people occupied two armed camps, each battling against the other. And then the World War came on. Provisionally, just prior to that time the Federal reserve act was passed, which increased potential credit many times. We have seen the period of inflation in 1919 and 1920 with general commodity prices rising to about two and one-fourth times what they were in 1914; and then the collapse of the latter part of 1921 and 1922, and the conservative, careful period of 1923.

What does it all mean, and is there any solution after we find out what it all means? When I went to Congress in 1921 with some opportunity to investigate these things which I had been wondering about for so long, I began to mull around, and one day in the Bureau of Labor Statistics I was shown a curve of prices based on the bureau's index number, and as I ran my finger along the line of falling prices from 1873 to 1896 and of rising prices from 1896 to 1914 I began to see why it was that the first period was one of prosperity for the man of fixed income, the mortgagee, and the bondholder, and why the last period was one of relative prosperity for the producer, the business man, and the stockholder, each period causing social misunderstanding, unrest, and misery to that part of our people not on the right side of the price trend. Now, there was a reason, of course, for these long periods of rising and falling prices, and remembering that we were on a gold basis it then occurred to me that gold began to be produced in South Africa and the Klondike just about 1896. By this time it seemed there was a little light just ahead and that the foundation of our changing economic conditions had been either a scarcity or a plentitude of gold. And now, what is the answer?

Careful economists tell us that there is a constant equation between the volume of production and its turnover and the volume of money and credits and their turnover (of course, I am speaking roughly), so that in order to preserve their relative positions of debtor and creditor, mortgagor and mortgagee, bondholder and stockholder, seller of goods and seller of money a means should be devised to preserve this ratio so that the volume of money and credit will expand only in the same proportion as production and turnover expands and contracts as production and turnover subsides. In the March number of Harper's Magazine there is an article entitled "Stabilizing the Dollar," which analyzes this subject in every satisfactory way and which, incidentally, speaks favorably of certain legislation now pending in Congress and introduced by me. I mention this fact as indicating two things: First, that the stabilization of purchasing power is becoming a matter of public interest; and second, that I am discussing a question in the solution of which I am attempting to assist in a practical way. In the Bureau of Labor Statistics in Washington there is kept an index number of wholesale price levels made up of a composite of something over 400 commodities, each weighed in accordance with what experience has shown to be its relative market importance. The standard from which conclusions are now drawn is the average price level of 1914. The present price level relative to 1914 is about 161. The legislation referred to and now pending in Congress contemplates starting with the general price level at the time when the proposed legislation becomes law and afterwards maintain approximately that price level by means which I will indicate in a few moments. In the meantime I want to make it perfectly clear, of course, that there is no attempt in this legislation to control the price level of individual commodities. They will move in accordance with the law of supply and demand, but the purpose is to keep the average the same, so that the value of money in an aggregate of the general commodities which it will buy will not appreciably change. In other words, while flour and eggs and butter and chickens and meat and sugar and coffee will individually vary in price, the filled market basket made up of these different commodities can always be purchased with the same amount of money. And right here let me say that when the general price level is kept constant, when there is an automatic restraint against inflation and its consequent deflation and collapse, the tendency of individual prices to change will be immeasurably reduced, because the unhealthy economic conditions, the result of these abnormal periods, is the chief cause of the sudden rise and collapse of the price of any given commodity.

How can we keep this index number constant? How can we prevent periods of inflation succeeding periods of business expansion, culminating in periods of speculation and ending in periods of collapse? The quantity theory of money has been recognized as essentially sound by practically all economists for more than a century. Illustrating by reducing the theory to its simplest form, if the total volume of commodities consists of 20 bushels of wheat and wheat is only traded in by the use of money, and the total volume of money is \$20, as long as all that wheat is being traded in and all that money is in circulation wheat will be worth \$1 a bushel. If, under the same conditions, there are \$40 in circulation, wheat will be worth \$2 a bushel; if, with 20 bushels of wheat and \$20 in money \$10 of that money is withheld from circulation and all other conditions are as stated in the first previous illustration, wheat will be worth 50 cents a

bushel; if, on the other hand, one-half of that wheat is being withheld from the market and there is only a turnover in 10 bushels of the wheat, other conditions remaining, as in the first illustration, wheat will be worth \$3 a bushel. Or expressed in the generalization mentioned heretofore in these remarks, there is a constant ratio between the volume of production and turnover and the volume of money and credits and their circulation. So that if your index number of general price levels remains constant, you are assured that your volume of money and credits are expanding only in proportion as production and turnover expands—that is, only in proportion to the legitimate needs of business—and you can be assured that when you restrain the rise of the index number you are restraining credits beyond the legitimate necessities of business, you are restraining unhealthy and abnormal production, and you are restraining business expansion within wholesome limits and stopping in its inception overproduction, waste, speculation, and collapse.

The basis of our monetary system is gold; our entire credit structure is based on gold. Now, let's assume that all the gold is withdrawn from circulation, gold certificates being substituted; and let's assume that we start with a reserve of \$1,000,000 in gold at the present number of grains of pure gold in the dollar, and that the index number goes up 1 per cent, indicating that our money and credit structure is expanding more rapidly than our production and turnover. If we then increase the theoretical gold content in a dollar by 1 per cent, we have reduced our gold reserve from \$1,000,000 to \$990,000 and the possibilities of our credit structure by 1 per cent, which in turn tends to reestablish the normal ratio between production and turnover on one side and money and credit in circulation on the other.

Without going into the details of the proposed legislation, the above illustrations will serve to indicate its theory. Now, the question arises, is such legislation possible at this time? The law requires us to maintain our gold reserves at 40 per cent. We now have about 82 per cent, and in order to make this plan feasible without unduly weighting the dollar it will be necessary to legislate for a required gold reserve of about 70. It is, therefore, difficult to have passed such legislation at this time, but in the various discussions concerning stabilization caused by this proposed legislation various alternatives have been suggested, such as a legislative direction by Congress to the Federal Reserve Board to have raised rediscount rates in the Federal reserve banks when the index number is rising and reduce them when the index number is falling and in that way tend on the one hand to discourage unhealthy expansion and on the other hand to make money easy when business is not so good and thus tend to stimulate it. Another proposal is legislation requiring the Federal Reserve Board to have the reserve banks put securities on the market and thus tend to draw money from active circulation when the index number is rising and to buy them up and thus put money in circulation for business when the index number is falling.

In considering the necessity of legislation let us go over for a minute what happened in 1923. At that time the mental attitude of the country regarding economic conditions was the attitude of a people who had just been through a period of unhealthy inflation and drastic and stupefying deflation and corresponded to the way people feel about a war just after the war is over. We would never have wars if people kept in the same frame of mind they are in just after one is over. In 1923 we were cautious, not because we are habitually wise enough to be cautious, but because and only because we had just had our lesson. Various banks in their monthly letters during 1923 gave reminders of the disasters of 1920; the monthly letters of the National City Bank of New York, for example, one of the most widely read of economic bulletins, in January advised business men to operate with caution. In February it remarked that business men "are following conservative policies and showing little inclination to become extended, which is the part of wisdom in present conditions." In March it warned its readers that every upward movement is in danger of running away. In April it again called attention to the danger of inflation. "The industries of the country," it declared, "are already working practically at capacity or to the limit of the labor supply. Under this condition they can not use more credit to advantage."

These warnings are typical of the state of mind of bankers in the early months of 1923. In February and March, 1923, the reserve banks of New York, Boston, and San Francisco raised their rediscount rates. Due in part to this action interest rates of commercial banks rose in February and again in March, rates on call loans on 60 to 90 day paper and on 4 to 6 month paper being all higher in March than in any month of the previous year. Raising of money rates was followed promptly by curbing of the upward movement of prices and overproduction. Not so generally understood is the fact that the open-market operations of the Federal reserve banks in the first half of 1923 tended to curb the involuntary movement, and in the second half of the year tended to sustain business on its new level. Early in January the Federal reserve banks held open-market acceptances and United States securities to the value of \$734,000,000. These they reduced steadily throughout the period of incipient business boom. By July the total holdings were less than \$300,000,000. Between October 17 and the end of the year, however, the holdings increased from about three hundred million to four hundred and seventy-three million dollars.

Thus the open-market operations took money out of general circulation at a time when, according to our indices, money in

circulation was increasing faster than the volume of trade, and later in the year, when these same guides began to point in the other direction, the open-market operations put more money into circulation. We were cautious in 1923, because we had had a recent lesson. We will be less cautious as time goes by, and in a very short time when credit begins to be demanded all over the country for developments of all sorts the Federal Reserve Board, without express legislative authority, will not be able to restrain a period of inflation greater, probably, than any we have ever known. In 1920, with our gold reserve down to 43.4 per cent, the index number was 226, or two and one-fourth times higher than in 1914. In 1922, with a reserve percentage of 77.9, the index number fell to 149. With the present reserve percentage of 82 per cent, the index number of wholesale prices is about 160, so that a determined demand for credit based on our gold reserve could pull our reserve percentage down to 45, probably, before it could be stopped. The index number would rise to around 300, which would mean prices higher than this country has ever seen and which would result in an economic collapse greater than that of 1921 and 1922. This problem, my friends, is on the very verge of being solved, but we can't wait too long. As I said before, human memory is short. Unless our obligations as a world power and a leader of civilization are fulfilled shortly, the gradual abolition of war never can be achieved until the lessons of the next war direct the human mind to the solution of the problem, and unless we have promptly some legislation looking to real scientific monetary stability, it will be too late until the next so-called business cycle has left in its wake its dreadful toll of economic waste, misery, and human despair.

I, personally, am an optimist. When I compare conditions now with what they were 30 years ago, I see tillage where there was swamp; I find sewers taking the place of unhealthy, insanitary conditions; I find the people willing to spend thousands of dollars a year to build roads to lighten the human burden and to draw the city, the town, and the country ever closer together; I find the body of the child taken care of in a manner undreamed of 30 years ago, and I see a public endeavor to surround with the beneficence of education every class from the highest to the lowest; and if you and I live out the normal span of our lives I have no doubt whatever that we will look back and wonder why we were ever short-sighted enough to allow a condition of constantly changing money value to exist without making the necessary changes in our system. A problem like the one we are discussing to-day is a problem of democracy, a democracy which is one in fact and not one in name only; a democracy which demands that that which one has accumulated by his industry and his endeavor shall not be taken away from him because of a fall in the value of the medium of exchange, and that the results of human toil shall not be dissipated and the toiler left in his despair because of an increase in the value of the medium of exchange.

In the course of some litigation several years ago a certain prominent manufacturer said during his cross-examination that he knew nothing of history and didn't recognize the value of such knowledge. This was either an ill-considered statement or else was the result of the kind of practical success along a given line which creates in some minds the obsession that they are blessed with all wisdom, an obsession which interferes with the process of reflection.

In an address delivered at the University of Michigan in April, 1911, on the study of ancient literature, the Hon. James Bryce, then ambassador to this country from Great Britain, had this to say concerning the study of history:

"We can conjecture the future only from what we know of the past; that is to say, from what we know of human nature and the processes by which it and human institutions change. One who knows only his own country and people does not really know them because it is only by knowing something of other countries and their peoples that he can tell which characteristics of his own people are normal, generally present in all peoples, and which are peculiar to his own. So likewise he who knows only his own time does not really know it, for he can not distinguish between characteristics that are transient and those that are permanent. This is the main use of history besides, of course, the pleasure which all knowledge gives. To know what we are, we must know how we came to be what we are, and must realize that we shall before long pass into something different."

The lessons of history teach of the cycle, inevitable under our present monetary system—expansion, inflation, speculation, collapse, slow recovery. Stabilization, restraining expansion at the point of overproduction and consequent inflation, is not only an economic problem the solution of which people are ready to undertake but is clearly a direct problem of civilization involving self-restraint and mental and spiritual elevation.

The great body of bankers, representing as they do much of the best thought of our communities, are bound to be conservative in the sense that they shrink from political nostrums and fundamentally unsound economic proposals, but pure conservatism is alike offensive to them, as it means stagnation and a refusal to note the march of civilization.

In the language of Edward G. Ryan, the great Wisconsin lawyer and judge:

"Pure conservatism is always wrong; civilization is never fixed. No Joshua has power to stay the course of the human mind. Change is the necessity of human history, progress the duty of the human race. Pure conservatism has no place in the annals of mankind. It concedes the past, but denies the future. It

worships the actual, but anathematizes the possible. Its creed is the present because it is the present. It is the bigot of the present, without sympathy with the past or prophecy of the future. Content where it finds itself, pure conservatism sits down by the wayside, while the march of civilization passes by and presses on to the promised land of the future, guided on its dark way by faith in the destiny of man as by a pillar of fire."

The SPEAKER. The time of the gentleman from Maryland has expired. All time has expired. The question is on suspending the rules and passing the bill.

Mr. STEAGALL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas, 289, nays 60, not voting 82, as follows:

[Roll No. 60]
YEAS—289

Adkins	Dies	Kennedy	Rayburn
Allen	Disney	Kerr	Reid, Ill.
Allgood	Dominick	Ketcham	Relly
Almon	Doughton	Kinzer	Rich
Amle	Dowell	Kniffin	Robinson
Andresen	Doxey	Kopp	Rogers, N. H.
Andrews, N. Y.	Driver	Kunz	Romjue
Arentz	Ellzey	Kvale	Sanders, N. Y.
Arnold	Englebright	LaGuardia	Sanders, Tex.
Auf der Heide	Erk	Lambertson	Sandlin
Ayres	Eslick	Lambeth	Schafer
Bachmann	Evans, Mont.	Lamneck	Schneider
Baldrige	Fernandez	Lanham	Schuetz
Bankhead	Finley	Lankford, Ga.	Selvig
Barbour	Fish	Lankford, Va.	Shallenberger
Barton	Fishburne	Larsen	Shannon
Beam	Fitzpatrick	Leavitt	Shott
Beedy	Fiannagan	Lewis	Shreve
Bland	Foss	Lichtenwalner	Simmons
Blanton	Frear	Linthicum	Sinclair
Bloom	French	Lonergan	Smith, Idaho
Boehne	Fulbright	Loofbourow	Smith, Va.
Bohn	Fuller	Lovette	Smith, W. Va.
Boileau	Fulmer	Lozier	Snow
Boland	Garrett	Luce	Somers, N. Y.
Bowman	Gasque	McClintock, Ohio	Sparks
Brand, Ga.	Gifford	McCormack	Spence
Briggs	Gilbert	McGugin	Steagall
Browning	Gilchrist	McKeown	Stevenson
Brumm	Glover	McLeod	Stewart
Buchanan	Goldsborough	McMillan	Strong, Kans.
Buckbee	Granfield	McReynolds	Strong, Pa.
Bulwinkle	Green	McSwain	Summers, Wash.
Burch	Greenwood	Maas	Sumners, Tex.
Burtness	Gregory	Major	Sutphin
Busby	Griffin	Maloney	Swank
Butler	Guyer	Manlove	Swanson
Byrns	Haines	Mansfield	Sweeney
Cable	Hall, Miss.	Martin, Oreg.	Swick
Campbell, Iowa	Hall, N. Dak.	May	Swing
Campbell, Pa.	Hancock, N. Y.	Mead	Tarver
Cannon	Hardy	Michener	Taylor, Colo.
Carden	Hare	Miller	Taylor, Tenn.
Carter, Calif.	Harlan	Milligan	Temple
Carter, Wyo.	Hart	Mitchell	Thomason
Cartwright	Hartley	Mobley	Thurston
Cary	Hastings	Montague	Tierney
Cavicchia	Haugen	Montet	Timberlake
Chavez	Hawley	Moore, Ky.	Turpin
Chilperfield	Hill, Ala.	Morehead	Underwood
Christgau	Hill, Wash.	Mouser	Vinson, Ga.
Christopherson	Hoch	Nelson, Mo.	Vinson, Ky.
Clague	Hogg, W. Va.	Niedringhaus	Warren
Cochran, Mo.	Holaday	Nolan	Weaver
Cole, Iowa	Hooper	Norton, Nebr.	Welch, Calif.
Collins	Hope	Norton, N. J.	West
Colton	Hopkins	O'Connor	Whitley
Condon	Horr	Oliver, Ala.	Whittington
Connery	Houston, Del.	Overton	Williams, Mo.
Cooper, Ohio	Howard	Parker, Ga.	Williamson
Cooper, Tenn.	Hull, Morton D.	Parks	Wilson
Cox	Jacobsen	Parsons	Wingo
Crall	James	Patman	Withrow
Crisp	Johnson, Mo.	Peavey	Wolcott
Cross	Johnson, Okla.	Peterson	Wolverton
Crosser	Johnson, S. Dak.	Pettengill	Wood, Ga.
Crump	Johnson, Tex.	Polk	Woodruff
Dallinger	Jones	Pou	Woodrum
Davis	Kading	Ragon	Wright
Delaney	Karch	Rainey	Yon
De Priest	Keller	Ramseyer	
DeRouen	Kelly, Ill.	Ramspeck	
Dickinson	Kemp	Rankin	

NAYS—60

Aldrich	Chindblom	Davenport	Hadley
Andrew, Mass.	Clancy	Douglas, Ariz.	Hess
Bacharach	Clarke, N. Y.	Dyer	Huddleston
Beck	Coyle	Eaton, Colo.	Johnson, Wash.
Bolton	Crowther	Free	Kahn
Britten	Culkin	Gibson	Kendall
Burdick	Darrow	Goss	Kurtz

Lehlbach	Partridge	Stalker	Watson
McFadden	Pittenger	Stokes	Weeks
McLaughlin	Pratt, Harcourt J.	Taber	Welsh, Pa.
Magrady	Ransley	Thatcher	White
Mapes	Reed, N. Y.	Tilson	Wigglesworth
Martin, Mass.	Seger	Tinkham	Williams, Tex.
Nelson, Me.	Snell	Treadway	Wyant
Parker, N. Y.	Stafford	Wason	Yates

NOT VOTING—82

Abernethy	Dickstein	Hollister	Oliver, N. Y.
Bacon	Dieterich	Holmes	Owen
Black	Douglass, Mass.	Hornor	Palmisano
Boylan	Doutrich	Hull, William E.	Patterson
Brand, Ohio	Drane	Igoe	Perkins
Brunner	Drewry	Jeffers	Prall
Canfield	Eaton, N. J.	Jenkins	Pratt, Ruth
Carley	Estep	Johnson, Ill.	Purnell
Celler	Evans, Calif.	Kelly, Pa.	Rogers, Mass.
Chapman	Fiesinger	Kieberg	Rudd
Chase	Freeman	Knutson	Sabath
Clark, N. C.	Gambrill	Larrabee	Selberling
Cochran, Pa.	Garber	Lea	Sirovich
Cole, Md.	Gavagan	Lindsay	Sullivan, N. Y.
Collier	Gillen	Ludlow	Sullivan, Pa.
Connolly	Golder	McClintic, Okla.	Tucker
Cooke	Goodwin	McDuffie	Underhill
Corning	Griswold	Millard	Wolfenden
Crowe	Hall, Ill.	Moore, Ohio	Wood, Ind.
Cullen	Hancock, N. C.	Murphy	
Curry	Hogg, Ind.	Nelson, Wis.	

So two-thirds having voted in favor thereof, the rules were suspended, and the bill was passed.

The Clerk announced the following pairs:

General pairs until further notice:

Mr. Gillen with Mr. Purnell.
 Mr. Gavagan with Mr. Wood of Indiana.
 Mr. Drewry with Mr. Connolly.
 Mr. Griswold with Mr. Rogers.
 Mrs. Owen with Mr. Estep.
 Mr. Cullen with Mr. Hogg of Indiana.
 Mr. Canfield with Mr. Millard.
 Mr. Black with Mr. Hollister.
 Mr. Larrabee with Mr. Perkins.
 Mr. Corning with Mr. Underhill.
 Mr. Dieterich with Mrs. Ruth Pratt.
 Mr. Prall with Mr. Bacon.
 Mr. Tucker with Mr. Wolfenden.
 Mr. Rudd with Mr. Evans of California.
 Mr. Drane with Mr. Goodwin.
 Mr. Hornor with Mr. Jenkins.
 Mr. Jeffers with Mr. Golder.
 Mr. Patterson with Mr. Murphy.
 Mr. Sullivan of New York with Mr. Sullivan of Pennsylvania.
 Mr. Lindsay with Mr. Eaton of New Jersey.
 Mr. Lea with Mr. Holmes.
 Mr. Brunner with Mr. Selberling.
 Mr. Kieberg with Mr. Cochran of Pennsylvania.
 Mr. Boylan with Mr. Freeman.
 Mr. McDuffie with Mr. Chase.
 Mr. Clark of North Carolina with Mr. Curry.
 Mr. Oliver of New York with Mr. Knutson.
 Mr. Celler with Mr. Moore of Ohio.
 Mr. Gambrill with Mr. Doutrich.
 Mr. Fiesinger with Mr. Brand of Ohio.
 Mr. Sabath with Mr. William E. Hull.
 Mr. Dickstein with Mr. Nelson of Wisconsin.
 Mr. McClintic of Oklahoma with Mr. Johnson of Illinois.
 Mr. Chapman with Mr. Cooke.
 Mr. Crowe with Mr. Hall of Illinois.
 Mr. Douglass of Massachusetts with Mr. Garber.
 Mr. Ludlow with Mr. Palmisano.
 Mr. Abernethy with Mr. Sirovich.
 Mr. Hancock of North Carolina with Mr. Carley.
 Mr. Cole of Maryland with Mr. Collier.

Mr. EATON of New Jersey. Mr. Speaker, I was called from the Chamber. If I had been present I would have voted "no."

The SPEAKER. The gentleman does not qualify.

Mr. KELLY of Pennsylvania. Mr. Speaker, I desire to vote "aye," but I was not present when my name was called.

The SPEAKER. The gentleman from Pennsylvania does not qualify.

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS—STABILIZING THE PURCHASING POWER OF THE DOLLAR

Mr. WILLIAMSON. Mr. Speaker, for a long time I have been an advocate of the stabilization of money so as to prevent the disastrous fluctuations in commodity values. The present lack of stabilization has been particularly disastrous to agriculture. The great bulk of the indebtedness of the farm community was incurred at a time when commodity values were twice or three times as high as they are now. That means that for every dollar of indebtedness the farmer has to pay twice or three times as much of what he produces as the money represented at the time it was borrowed.

The bill before the House (H. R. 11499) reads as follows:

"SEC. 31. It is hereby declared to be the policy of the United States that the average purchasing power of the dollar as ascertained by the Department of Labor in the wholesale commodity markets for the period covering the years 1921 to 1929, inclusive, shall be restored and maintained by the control of the volume of credit and currency."

SEC. 2. The Federal Reserve Board, the Federal reserve banks, and the Secretary of the Treasury are hereby charged with the duty of making effective this policy.

SEC. 3. Acts and parts of acts inconsistent with the terms of this act are hereby repealed.

The only trouble with this resolution from my point of view is that it does not go far enough. I believe that the value of the dollar should be definitely fixed upon the average value of commodity prices as found by the index number of the Bureau of Labor statistics during the period of 1921 to 1929, inclusive. Our best economists are agreed that this can be done without in any way destroying either the gold standard or the stability of our currency. Such a policy enacted into law would not only stabilize the debt-paying and purchasing value of commodities but would go a long way in stabilizing the earning power of labor and would prevent the shocking fluctuations in security values that have characterized this market in the last two years.

In my judgment, it is the one great step that must eventually be taken if we are to prevent recurring periods of inflation and succeeding periods of deflation. Such stabilization of the value of money would also have the additional merit of practically putting an end to speculation and gambling upon boards of trade and would in large measure prevent the huge losses that have brought poverty and distress to thousands of people throughout the country.

Mr. HALL. Mr. Speaker, I believe the bill (H. R. 11499) for restoring and maintaining the purchasing power of the dollar is one of the most important pieces of legislation that has hitherto come up for consideration in the House during the present session of Congress.

I concede that we felt the same way about the Reconstruction Finance Corporation and Glass-Steagall Credit Expansion Acts. While the Reconstruction Finance Corporation has failed to measure up to expectations, it has undoubtedly proved beneficial. It has greatly curtailed bank closures and enabled the railroads to continue in operation. But it has not afforded ample credit facilities for constructive purposes generally.

In consequence, the Reconstruction Finance Corporation has neither put our vast army of unemployed to work nor set the wheels of industry and commerce in motion. Instead of percolating down to agriculture and labor, as they were intended to do, the benefits have percolated down to the banks and stopped, and are now revolving around in a fixed circle.

Notwithstanding the speed with which the Glass-Steagall credit expansion bill was hustled through Congress, the Federal reserve system has not yet invoked its provisions. As a consequence, credit is more constricted and money is scarcer and dearer than when this bill was passed. Besides, commodity price levels are at an exceedingly low ebb. To offset this condition, the enactment of supplemental legislation was imperative. This is embraced in the bill for stabilizing the purchasing power of the dollar, which bears the indorsement of some of our foremost economists and agricultural and industrial leaders throughout the country.

Let us analyze this measure briefly.

It is a simple declaration of policy, namely, that the purchasing power of the dollar during the period of 1921-1929, as indicated by the commodity index of the Department of Labor, be restored and maintained through control of the volume of credit and currency. That is all there is to it. There is nothing radical about it.

Administration of this act is delegated to the Federal Reserve Board, the Federal reserve bank, and the Secretary of the Treasury. Under the provisions of the act the Federal reserve system is not only empowered to stabilize the purchasing power of the dollar, but to maintain its stability. In

my judgment, there is no question but that this can be done without endangering the financial structure of the Nation, because the Federal reserve system has the requisite machinery for controlling credit and currency expansion. Nor is there any question in my mind but that the restoration and maintenance of commodity price levels as directed by this measure would improve the economic situation. On the other hand, if the Federal reserve system fails to administer the provisions of this act, as requested by Congress, and the economic situation is not remedied, then the onus will be placed on our financial leaders; and besides, it will be necessary for Congress to bring about stabilization of the purchasing power of the dollar by means of mandatory legislation.

It is absolutely essential to the economic well-being of the country that our monetary system should serve all the people instead of a favored few. We must have an honest and a stable dollar, not an elastic dollar that periodically fluctuates to the extent that it imposes financial ruin on a great majority of the people, as is the case under the present system. During the last 50 years the United States has gone through more than half a dozen major depressions. We hardly pull ourselves out of one panic until we find ourselves gripped in the clutches of another. Our rubber dollar is primarily responsible for the occurrence and recurrence of those vicious economic disturbances.

It is my opinion that we have done a fairly good job of passing remedial legislation thus far, and that our constituents appreciate what we have done; but it yet remains for us to enact the bill H. R. 11499, so as to restore commodity prices to the average level of the period of 1921-1929. Then private debts can be paid with dollars of the same value as when these debts were created. Otherwise wholesale repudiation of these debts is inevitable.

According to an old saying, "You can't get blood out of a turnip." By the same token, you can not collect debts out of people without the requisite wherewithal.

During the last 15 years virtually all debts, both public and private, have practically doubled because of the increased value of money. According to L. J. Taber, master of the National Grange, it requires \$177 worth of farm commodities to pay a \$100 debt contracted in 1930; or \$202 worth to pay a \$100 debt created in 1929 and \$217 worth to liquidate a \$100 debt assumed in 1925. Moreover, the rate of interest has increased proportionately.

The fellow who is in debt and whose debt was contracted when commodity values were considerably higher than now has only three ways to get out, namely, repudiation of his debts, availability of cheaper money with which to pay them, or a boost in the commodity price that will restore it to the level prevailing when the debts were contracted.

It must be admitted that farmers can not pay debts with commodities at the ratio of 5 to 1. Yet this is exactly what the cotton farmer who assumed a debt when cotton was selling at 25 cents a pound is doing now, because five bales of cotton are worth only as much as one bale was worth then.

Consequently, our farmers are in this predicament: Instead of reducing the principal of a debt when they make a payment on it the obligation grows all the while. This condition must be remedied before the farmer can meet his obligations. Of all groups that are suffering from the effects of the prevailing depression, the farmer is suffering most. Unlike the manufacturer, he can not shut up shop and stop production; he must keep on producing in normal volume, while his prices become lower and lower because of surpluses piling up in the face of a vanishing market.

Better times, when they do come, must start on the farm and gradually work up through industry and commerce. And better times can not prevail on the farm until the average commodity price level of the period of 1921-1929 is restored in accordance with the provisions of this measure. Nor is it enough just to patch up our financial machinery sufficiently to meet the present emergency. The dollar should have a stable measure of purchasing power—a real and permanent yardstick of value.

Suppose, for instance, that our measuring yardstick should be 18 inches long one day, 36 inches long the next

day, and 72 inches long the next day. Confusion would be rife. Yet that is exactly the kind of dollar we have—a topsyturvy dollar that is thwarting the best-laid plans of economic recovery.

For the last decade Congress has been considering legislation designed to stabilize the purchasing power of the dollar. Most of the opposition has come from our financial leaders and captains of industry, and that leads me to believe this legislation would benefit the rank and file.

I do not believe the United States is on the very verge of bankruptcy when the material worth of the country is estimated at \$400,000,000,000. Many a time in the past has the country pulled itself out of the morass of an economic panic, and it will pull itself out of the prevailing depression. But let us stabilize the purchasing power of the dollar, not only to pave the way out of wilderness now but to forestall economic disruptions in the future. I believe the proper administration of bill H. R. 11499 will supplant our rubber dollar with an honest dollar of standard value.

Mr. YON. Mr. Speaker, ladies, and gentlemen, under leave to extend my remarks, will say that I am of the opinion that this Goldsborough stabilization bill to restore and maintain commodity prices, if properly administered, will do more to relieve the present conditions than any legislation that has been passed in many years. The great trouble with the farmers at the present time is that there is not enough to buy their products, and the cotton, cane, turpentine, and other farmers are unable to get production cost for their products. The dollar buys too much of commodities and is too hard to get.

The working people are unable to buy the products because they have no jobs, and the same thing applies to every industry. While in a sense this bill is to meet an emergency—that is needed—it is also the opinion of the author, the Hon. T. ALAN GOLDSBOROUGH, that it also contains permanent features. I am sure that we all agree that something needs to be done to relieve the present conditions, and I know of no better plan than this bill, as reported by the Banking and Currency Committee, if put in effect. There is no need of describing the conditions of the country, as every man and woman in this country is acquainted with the depression and the effects that it has brought about. However, I may say that if anyone doubts that something needs to be done to help the people, just go down some night on Pennsylvania Avenue and B Street, this city, and watch the people down there lying on the ground around fires and on the bunks and beds that are furnished by the charitable institutions of this city, and watch them as they march up for something to eat, and you can get an idea of what the people are up against in the great industrial centers of this country. These people previously had good positions and lived happily and were able to buy from the farmers, who in turn could and would buy materials and other much-needed things for the farm.

We on this side of the House are not responsible for the present conditions of this country. We were told in 1928 that the country would continue to have prosperity under the Republican rule, as all of the prosperity that the country had enjoyed was under the leadership of that party. And this is one of the reasons that I was opposed to their plan of turning out thousands of Federal employees and cutting off their salaries to such an extent that they would not be able to live and educate their children, and further serving greedy private interests that want to take advantage of the situation to cut the wages of their employees, and also admitting that this depression is permanent. This I do not believe, and I do not want the Congress of the United States by its action to destroy the hopes of the millions of people. This is false economy and not real economy. There are many ways that the National Government can relieve the people of tax burdens. For instance, the building program of Washington could be stopped at this time, and many other things that could be mentioned, but unnecessary here.

However, on the Democratic side we should be anxious to do something that will restore confidence and bring back that prosperity that we have heard so much talk about. With

the many bills that we have passed and this bill to stabilize commodity prices, then I believe that we are on the right track at last with the cooperation of the people of this Nation for that new day that will find all of our people employed and doing business as they did prior to 1928.

ALLOWANCES FOR WIDOWS AND CHILDREN AND DEPENDENT PARENTS OF WORLD WAR VETERANS

Mr. RANKIN. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 8578) to amend the World War veterans' act, 1924, as amended, by providing allowances for widows and children and dependent parents of veterans of the World War, with an amendment striking out subsection (d) on page 2, lines 16 to 20, inclusive.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 201 of the World War veterans' act, 1924, as amended (U. S. C., title 38, sec. 472), be hereby amended by adding at the end thereof a new subdivision to read as follows:

"(8) Where any honorably discharged ex-service man who entered the service prior to November 11, 1918, and served 90 days or more during the World War dies of a disability not acquired in the service the following monthly allowances shall be paid:

"(a) If the deceased leaves a widow without means of support other than her daily labor and actual net income not exceeding \$250 per year who was his wife and living with him not less than five years next before his death or who married him prior to January 1, 1925, \$20;

"(b) If the deceased leaves a widow and one child without means of support other than her daily labor and actual net income not exceeding \$400 per year, \$26, with \$6 for each additional child;

"(c) If the deceased leaves no widow but one child, \$20, with \$6 for each additional child: *Provided*, That no child shall be permitted to draw this allowance who has an actual net income exceeding \$400 per year;

"(d) The payment of allowance for a widow shall continue until her death or remarriage;

"(e) The payment of allowance to or for a child shall continue until such child reaches the age of 16 years or marries, or if such child be permanently incapable of self-support by reason of mental or physical defect, then during such incapacity.

"(f) Whenever the allowance payable to or for the benefit of any person under the provisions of this subdivision is terminated by the happening of the contingency upon which it is limited, the allowance thereafter for the remaining beneficiary or beneficiaries, if any, shall be the amount which would have been payable to them if they had been the sole original beneficiaries;

"(g) As between the widow and the children not in her custody and as between children, the amount of allowance shall be apportioned as may be prescribed by regulations;

"(h) No allowance under this subdivision shall commence prior to the date of the passage of this amendatory act, or the date of application therefor, and such application shall be in such form as the Administrator of Veterans' Affairs may prescribe."

The SPEAKER. Is a second demanded?

Mr. JOHNSON of South Dakota. Mr. Speaker, I demand a second.

Mr. RANKIN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

The SPEAKER. The gentleman from Mississippi is recognized for 20 minutes and the gentleman from South Dakota for 20 minutes.

Mr. RANKIN. Mr. Speaker, I yield myself five minutes.

Mr. Speaker, the amendment which was offered was to strike from the bill the dependent parents. That is very much against my wishes and against my views, but we found it necessary to do that in order to secure the passage of any bill at all.

Mr. JOHNSON of South Dakota. Will the gentleman yield?

Mr. RANKIN. I do not yield. The gentleman has plenty of time.

Mr. JOHNSON of South Dakota. I just wanted to ask the gentleman why that was necessary?

Mr. RANKIN. It was necessary because we were unable to get the bill from the Rules Committee or to get it to the floor of the House at all.

There are some other provisions in the bill for which I am not responsible. They are what are called the "needs clauses." They were not put in by me or by those who agree with me on the committee, but they are there. Therefore

the bill, if it is passed at all, will be passed with those provisions in it.

In 1930, when we were considering what was finally designated as the Rankin bill, it provided for an extension of the presumptive period for men suffering from chronic constitutional diseases, up to 1930. If that bill had not been vetoed, the widows, orphans, and dependent parents would all have been taken care of, but in order to defeat that bill they brought in what they called the disability allowance bill, and passed it under suspension of the rules, providing a small compensation for the disabled men, but leaving out the widows, orphans, and dependent parents. It is the only bill of its kind I have ever known to pass a parliamentary body, which took care of disabled veterans and denied one particle of relief to their dependent widows and children, after the veterans passed away.

I introduced the next week a resolution in our State convention of the American Legion and fought it through the national convention of the American Legion to take care of those dependents.

This bill is indorsed by the American Legion, by the Veterans of Foreign Wars, and by the Disabled Veterans of the World War. They do not agree with some of the minor provisions, such as the needs clauses, but on the whole they are in favor of this bill and have indorsed it at their national convention.

I do not know what opposition has developed, but I do say that a great many of those men died from service-connected disabilities in my State and in your States, and their widows and orphans should have been taken care of long ago. They are entitled to it. I trust when it comes to a vote there will not be one dissenting voice.

I know it will be said that this will cost a little money, and I know that will be harped on, but is that any reason why we should turn out without a penny the widows and orphans of those men who were called to the service in 1917 and who rendered services from which, invariably, they ultimately lost their lives and left their wives and children without a penny on which to live during these trying days of the worst panic America has ever seen? [Applause.]

The SPEAKER pro tempore (Mr. BLANTON). The time of the gentleman from Mississippi has expired.

Mr. JOHNSON of South Dakota. Mr. Speaker, I have listened with great interest to the argument of the gentleman from Mississippi, especially his statement that it was necessary to bring this measure before the House under suspension of the rules. I can so well recall as the years have gone by since 1924 when, as chairman of the Veterans' Committee, I brought many bills before the House under suspension of the rules, and I can hear the gentleman from Mississippi rear and rant and race up and down this aisle because of the iniquitous procedure; and as late as June 26, 1930, when I brought in the bill to which he refers, the disability allowance law, with one of his arms working in one direction and one in the other, and hair flying, he said:

Your action in bringing this bill in here and forcing it through in this manner, without giving us any opportunity to amend it, is one of the most outrageous abuses of legislative prerogatives ever indulged in by the party in power in the history of the American Congress.

We shall not oppose it. We expect to let it go through in order that when it gets over to the Senate, where the gag rules do not apply, they will amend it by inserting provisions which will take care of these unfortunate men who served their country in times of war and are now unable to defend themselves in times of peace. [Applause.]

To that statement on June 26, 1930, he received great applause from the same people who to-day have swallowed this gag.

Mr. JOHNSON of Oklahoma. Will the gentleman yield?

Mr. JOHNSON of South Dakota. I decline to yield, because I have only 20 minutes. That is not very much time, and I can not commence to express myself as to what I think about this gag rule. I know that it is the only manner in which we can pass a great deal of this legislation. Of course it is, and I know it is—this bill would not have

been passed without it—but I get everlastingly tired of the demagogues who get up on the floor of this House and protest against it all the time, day after day, year after year, and then come in and invoke it. This business about reforming the rules by the Democrats is bunk, and nothing else but bunk. Here now is a gag rule.

Why, the distinguished gentleman who is presiding as Speaker pro tempore said, when I brought the disability allowance law up at that time:

All other relief measures coming before this House since the Committee on World War Veterans' Legislation was created have been called up under a suspension of the rules, where only 20 minutes to the side was allowed for debate, and where none of the voluminous and important provisions could be changed in the slightest particular. These former bills thus passed have been machine made. They have been mostly prepared by hard-boiled bureau chiefs. Not even ranking members of the committee, much less any of the other 434 Members of the House, could change one word of the bills.

The gentleman who is taking the place of the Speaker to-day and is invoking this gag rule made that statement. I say that this House has almost degenerated into what a very, very eminent Democrat said the other day, a Democrat who is one of the great men of this country. He said the trouble with the Democrats is that they have the opposition complex, and they have it so bad they can not be constructive. Of course, I knew that that was true. Then he said:

Another thing—having that opposition complex, they indulge in political demagoguery, and that degenerates into political hypocrisy.

And I knew that that was true.

Mr. MAY. Will the gentleman yield?

Mr. JOHNSON of South Dakota. No. The gentleman can get time from his own leader, if you have any leaders on that side.

I have not seen one for some little time, and I doubt if any will develop. [Laughter.] But, coming to this bill, it ought not to have been brought up at this time, because ultimately we must decide all the need of veterans and their wives. This bill provides that a perfectly sound, healthy woman of 20 or 23 years old, without children, perfectly able to work, will get a pension when people are going to be discharged from Government employment, including service men who have suffered and bled, service men with families, and service wives. It is absurd and ridiculous to pick out one bill at this particular time and settle that measure, when to-morrow you must vote on the future of the service men themselves. Somewhere there is some political colored man in a woodpile in bringing it up at this time or it would not have been brought up. Again, the bonus question is not settled. I say there is no person who can justify this legislation at this time, when the whole service question must be settled and when it is necessary to practice economy; and if I am the last man that votes for it I will be the last one that does.

You did not take care of widows of Civil War veterans until 25 years after that war. You did not take care of Spanish War widows until 16 years after that war. But you are taking the youngest widows of any war, without children, and paying them \$20 a month when the Government is bankrupt. In five years it will take \$161,000,000, and you can not laugh that off.

I knew perfectly well it was never the intention of the Democratic majority of this House to work any economy. The only economy they want is what they can not secure. It might be an economy of words, because they do not like to hear the words I am speaking now.

Mr. PARKS. May I ask the gentleman how long his party was in power before it bankrupted the Government?

Mr. JOHNSON of South Dakota. I do not yield. Mr. Speaker, how much time have I taken?

The SPEAKER pro tempore (Mr. BLANTON). The gentleman has used seven minutes.

Mr. JOHNSON of South Dakota. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting official documents.

Mr. PARKS. Mr. Speaker, what is the gentleman's request?

The SPEAKER pro tempore. The gentleman asks unanimous consent to extend his remarks by inserting official documents and records.

Mr. PARKS. I would like to know what the documents are. If they are Republican propaganda, I am going to object.

Mr. JOHNSON of South Dakota. They are bills and reports of a Democratic committee of this House.

Mr. PARKS. When?

Mr. JOHNSON of South Dakota. This session.

Mr. PARKS. It must be good if it is a Democratic report, and I shall not object.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The bill and report are as follows:

H. R. 7230

A bill granting uniform pensions to widows and children of certain persons who served the United States in time of war, and for other purposes

Be it enacted, etc., That from and after the passage of this act if any person who served 90 days or more in the Army, Navy, or Marine Corps of the United States during the World War or war with Spain, the Philippine insurrection, or the China relief expedition, or the Civil War, in which the United States was engaged and who has been honorably discharged therefrom or who, having served less than 90 days, died of or was discharged for disability incurred in the service in line of duty, has died or shall hereafter die leaving a widow or a minor child or children under the age of 16 years, such widow upon due proof of her husband's death, without proving his death to be the result of his Army, Navy, or Marine Corps service, and upon proving that she had married such veteran person and had lived continuously with him, except for temporary absences which were not the fault of said widow, for five years prior to his death, or if a child is or was born as the issue of said marriage, regardless of date of marriage, such widow shall be placed upon the pension roll at the rate of \$20 per month during her widowhood; if and when she becomes 40 years of age, she shall be placed upon the pension roll at the rate of \$30 per month during her widowhood; if and when she becomes 50 years of age, she shall be placed upon the pension roll at the rate of \$40 per month during her widowhood; if and when she becomes 70 years of age, she shall be placed upon the pension roll at the rate of \$50 per month during her widowhood; and any widow mentioned in this act shall also be paid \$6 per month for each and every child of such veteran under 16 years of age, and in case there be no widow or one not entitled to pension under any law granting additional pensions to minor children, the minor child or children under 16 years of age of such veteran person shall be entitled to the pension herein provided for the widow, and in the event of the death or remarriage of the widow or forfeiture of the widow entitled to pension, under the provisions applying to pension laws, the pension shall continue from the date of such death, remarriage, or forfeiture to such child or children of such officer or enlisted man until 16 years of age: *Provided*, That in case a minor child as herein defined is insane, idiotic, or otherwise mentally or physically helpless, the pension shall continue during the life of such child, or during the period of such disability; and this proviso shall apply to all pensions heretofore granted or hereafter to be granted under this or any former statute.

Sec. 2. That the pension or increase at the rate of pension herein provided for, as to all persons whose names are now on the pension roll, or who are now in receipt of a pension under existing law, shall commence at the rates herein provided on the 4th day of the next month after the approval of this act, except where otherwise herein provided; and as to persons whose names are not now on the pension roll, or who are not now in receipt of a pension under existing law, but who may be entitled to a pension under the provisions of this act, such pensions shall commence from the date of filing application therefor in the Veterans' Administration after the approval of this act in such form as may be prescribed by the Administrator of Veterans' Affairs; and the issue of a check in payment of a pension for which the execution and submission of a voucher was not required shall constitute payment in the event of the death of the pensioner on or after the last day of the period covered by such check, and it shall not be canceled but shall become an asset of the estate of the deceased pensioner.

Sec. 3. No claim agent, attorney, or other person shall contract for, demand, receive, or retain a fee for service in preparing, presenting, or prosecuting claims for pensions or the increase of pension provided for in this act; and any person who shall, directly or indirectly, otherwise contract for, demand, receive, or retain a fee for service in preparing, presenting, or prosecuting any claim under this act, or shall wrongfully withhold from the pensioner or claimant the whole or any part of the pension allowed or due to such pensioner or claimant under this act, shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall, for each and every offense, be fined not exceeding \$500 or be imprisoned

oned not exceeding one year, or both, in the discretion of the court.

Sec. 4. That nothing contained in the provisions of this act shall be construed to reduce any pension heretofore granted under existing law.

Sec. 5. That all acts or parts of acts in conflict with or inconsistent with the provisions of this act are hereby modified and amended only so far and to the extent as herein specifically provided and stated.

[House Report No. 492, 72d Cong., 1st sess.]

GRANTING UNIFORM PENSIONS TO WIDOWS AND CHILDREN OF CERTAIN PERSONS WHO SERVED THE UNITED STATES IN TIME OF WAR, AND FOR OTHER PURPOSES

Mr. GASQUE, from the Committee on Pensions, submitted the following report (to accompany H. R. 7230):

The Committee on Pensions, to whom was referred the bill (H. R. 7230) proposing to grant uniform pensions to widows and children of certain persons who served the United States in time of war, having had the bill under consideration and having heard Gen. Frank T. Hines, Administrator of Veterans' Affairs, and the representatives of the various veterans' organizations, the national officers of the various woman's auxiliaries, and many other persons representing those who would become beneficiaries thereunder, respectfully submit the following report, with the recommendation that the bill H. R. 7230 (star print) do pass.

This bill has many new features and should immediately provide relief for over 290,000 dependent widows and children of veterans of all the wars, including the World War, Spanish War, and the Civil War.

The outstanding new feature of this bill is the fact that it establishes uniformity of pensions paid to widows and children of veterans of all wars.

It treats the widows of all war veterans alike. They will all file their claims under the provisions of the same law and on the same application blank, under the same conditions, and no favoritism will be shown toward any war-time widow. Under the provisions of the bill, as reported by the committee, the widow of the World War veteran and widows of other wars will be entitled to pensions by proving that the veteran is dead, without proving that death was due to service or in any manner connected with service. These pensions will continue to the widow or minor child during widowhood and will be stopped upon remarriage, death, or forfeiture of title for immoral conduct.

If the veteran rendered 90 days' service in any of the wars and was honorably discharged or rendered less than 90 days' service and was discharged for disability due to service in line of duty, this act grants the widow a pension at the rate of \$20, \$30, \$40, and \$50 per month. If the widow lived continuously with the veteran, except for a temporary absence of five years prior to veteran's death, or if a child is or was born as the issue of this marriage, regardless of the date of marriage, the widow will receive a pension of \$20 per month. When such widow becomes 40 years of age, the rate of pension will be increased to \$30 per month, and when such widow becomes 50 years of age, the rate of the pension will be increased to \$40 per month, and should she become 70 years of age she will receive \$50 per month during her widowhood. This bill further provides for the minor children under 16 years of age.

The widow will receive \$6 per month additional for all minor children under 16 years of age, and the widow entitled to pension under this act will receive the \$20, \$30, \$40, or \$50 rate plus the \$6 per month until such child or children attain the age of 16 years, respectively.

This bill also provides that the pension shall continue during the period of helplessness of such child.

The date of commencement of pension for those already on the pension roll will be on the 4th day of the next month after the approval of this act. All those persons not receiving pensions under the law who are entitled to pensions under this act shall commence upon the date of the filing of application.

Section 3 of this bill provides that no attorney fee for original or increase of pensions will be allowed under the provisions of this act.

Section 4 provides that nothing contained under this act shall be construed to reduce any pensions heretofore granted under the existing law.

Section 5 of the bill provides that all acts or parts of acts in conflict with or inconsistent with the provisions of this act are hereby modified and amended only so far and to the extent as is herein specifically provided and stated.

The number of beneficiaries under the provisions of this act and the cost of this bill are fully explained by the following chart, which shows the exact number affected and the total cost of the bill for the first year:

	Costs
Civil War dependents (124,781).....	\$573,917
Spanish War dependents (28,789).....	3,588,822
World War dependents (136,558).....	19,406,852
Grand total (290,128).....	38,567,591

The following chart shows the total number affected each year for a period of five years together with the total cost per year for a period of five years:

World War

Calendar year	Widows		Children		Estimated cost
	Service connected	Non-service connected	Service connected	Non-service connected	
1932.....	410	52,466	9,311	74,371	\$19,406,852
1933.....	487	60,043	9,816	97,808	31,642,074
1934.....	583	87,666	10,056	124,267	40,313,435
1935.....	700	104,099	10,255	147,561	48,445,042
1936.....	835	116,807	10,416	165,575	54,981,449
Total to end of 5-year period.....	835	116,807	10,416	165,575	194,788,832

Widows

Calendar year	Civil War		Spanish War		Total	
	Number on roll	Annual increased cost	Number on roll	Annual increased cost	Number on roll	Annual increased cost
1932.....	124,781	\$15,573,917	28,789	\$3,588,822	153,570	\$19,162,739
1933.....	114,799	14,328,063	31,668	3,945,516	146,467	18,273,579
1934.....	106,615	13,181,808	34,835	4,340,093	141,450	17,521,901
1935.....	97,166	12,127,288	38,319	4,774,164	135,485	16,901,452
1936.....	89,893	11,157,140	42,151	5,251,593	131,544	16,408,733
Total for 5 years.....	66,368,216	-----	21,898,188	-----	-----	88,266,404

Grand total

Calendar year—	Widows	Children	Estimated cost
1932.....	206,446	83,682	\$38,567,591
1933.....	215,997	107,684	49,915,653
1934.....	228,699	134,323	57,835,336
1935.....	240,284	157,816	65,346,494
1936.....	249,186	175,991	71,390,182
Total to end of 5-year period.....	249,186	175,991	283,055,256

The committee feels that this measure will not only equalize war-time widows' pensions but will save in the administrative costs of adjudicating each claim. Further, it will eliminate piecemeal legislation in the future and will provide a vast saving in many ways.

The Director of the Bureau of the Budget has reported that the proposed legislation is not in accordance with the financial program of the President.

Mr. JOHNSON of South Dakota. Now I want to call attention to the fact that there is a bill before this House, the Gasque bill, providing for the treatment of all veterans and all widows alike, something that should have been done since the World War, but has not been done.

I can readily see that some provisions of this bill make it necessary for the leadership of this House apparently to bring it in at this time instead of one of the others, because the Gasque bill would take care of Civil War widows, at the same time taking care of World War widows. I would not support the Gasque bill in its entirety, but if some of the rates contained in it were reduced I would. It comes from the Committee on Pensions. It is a bill that has been well worked out, taking into consideration the history of the wars in which the United States was engaged, taking into consideration the fact that men who served in any war and their widows should be treated exactly alike; and if some of its rates were reduced to an extent that it would be possible to enact it, and it would be possible to raise the money for it I would like to support that particular measure. It is a bill where pension is based on age. It would provide that a 72-year-old widow would receive a large pension, but it would not provide what this bill provides, that a 22-year-old widow, who has been married a few years, has no children, and is perfectly sound, would receive a pension.

I am satisfied this bill ought to be killed; that this legislation should be referred back to a combination of the Pension Committee and the Veterans' Committee, or some committee, and a bill reported under which the Government can survive. No legislation should be passed until you act upon the veterans' provision in the economy bill to-morrow.

You should wait and see whether you are going to strike out Title IX; whether you intend to allow men who enlisted in 1921, after the war was over, to receive as much as a man who lost his life or his arms at Chateau-Thierry. Tomorrow you are going to determine whether you are going to vote out Title IX, which has that particular provision in it. Thanks to the rule, I will be able to get a record vote on it.

In spite of the talk I am making today I know this bill is going to pass, because this House does not have digestive apparatus enough to stand up against this kind of legislation. It does not have it. There are certain reasons for it. Propaganda has never been as thorough and has never been as strong as it is to-day. I know the pressure is such that we are bound to secure legislation we should not secure. Personally I have voted "no" in the House many times since the days I voted against the war, though the time I voted against the Adamson law and until to-day on this law I have rather enjoyed it, because the question is not whether you vote "yes" or "no" on a bill. The folks back home want to know whether or not you are honest in your vote; all except those individuals who have a direct, selfish, and personal interest in legislation, and they eventually wash themselves out.

I would like to have more time to talk on this bill. I am going to extend my remarks by inserting the Gasque bill and report. I will conclude by calling your attention to the fact that the Democrats who talk about this rule-reform wave have to-day choked down the necks of the Members of the House the same sort of gag rule previously used. I wish to say I am not objecting to it, but I do object to people demagoguing when they do it. [Applause.]

Mr. Speaker, I reserve the balance of my time.

Mr. RANKIN. Mr. Speaker, I yield four minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. FULLER. Mr. Speaker and Members of the House, I am rather surprised that the gentleman from South Dakota [Mr. JOHNSON] would be opposed to this bill in view of the fact that during the Republican administration he was chairman of the Veterans' Committee. I am more surprised that he would try to make a political issue out of the matter. We all know that he and the gentleman from Mississippi [Mr. RANKIN], who is now chairman of the Veterans' Committee, have not agreed on many matters of veterans' legislation, but the gentleman from Mississippi has always been found mighty liberal in supporting measures for the World War veterans. It may be, as the gentleman from South Dakota states, that this is a "gag rule," but it is the only way we can get this measure considered at this late hour of the session, and then, too, the Republicans are so used to "gag rules" that we thought there would be no opposition to this procedure. Since I attempted and thought I had succeeded in acting as a go-between, I am amused at the gesture of opposition from the gentleman from South Dakota.

It is true this bill is not just what it should be, as it is a compromise measure. The gentleman from South Dakota [Mr. JOHNSON] was the one who inserted the "needs clause" in this measure, and I went along with him with other members of the committee in order to eliminate the dependent parents' clause insisted upon by the gentleman from Mississippi. Since the gentleman from Mississippi, for the good of the cause, has eliminated the dependent parents' clause, there is no reason why we should not all support this measure.

As a matter of fact, under the economic conditions confronting Congress and the Nation, I am certain that the veterans will not seriously object to this compromise measure containing the "needs clause," as it is only a question of time until there will be a uniform widows' pension bill passed through Congress, such as the Gasque bill for which I am committed. At this time its passage is impossible.

The first pension granted to widows and orphans for those of the Civil War was in 1890, 25 years after the war; this law gave \$8 a month to widows and \$2 a month to minor children; a similar bill was passed for the Spanish-American War widows 16 years after that war. This needed relief is

coming much earlier, being only about 12 years since the actual close of the World War.

I realize that a widow who is entitled to a pension because of the death of her husband, as well as the children, should not be required to file an inventory of her wealth or income, but in these trying times when it is necessary that we should economize, and when it is necessary to take care of the poor widows and orphans in this country, I feel that a compromise measure is in order and that no veteran should have any cause to complain.

All over my district, as well as all over this Nation, there are widows and orphans of deserving World War veterans required to live from hand to mouth, and it is nothing more than justice for this poorer class to be taken care of at this time, even though we are in the midst of a financial panic.

Under the terms of this bill a widow who has more than a net income of \$250 a year, besides her labor, is not entitled to this pension. If she has not lived with her husband for five years before his death she is not entitled to a pension; but if the widow had lived with the soldier five years before his death and she does not have a net income of \$250 a year other than her daily labor she is entitled to \$20 per month and each child is entitled to \$6 per month. If the widow married the veteran prior to January 1, 1925, the same benefits are awarded. Under the existing laws all widows and children, and even the dependent fathers and mothers, are entitled to pensions if the veteran died from service-connected disabilities. This law is for the purpose of taking care of the more needy widows and orphans where the veteran died from non-service-connected disabilities.

In my opinion, where a man left his home at a time when he could make much money and entered the service of his country, where he could not and did not make any money and when he gave many months in defense of his country, it is nothing more than right and just that his widow and children should be taken care of rather than they should become a public charge or that they should be required to live upon the most meager sustenance. Certainly any widow who has a net income of less than \$250 is in dire need of the necessities of life. It is unpatriotic and poor citizenship, especially in a land of wealth, that would not grant relief in such instances. I would that it were possible for us to eliminate the "needs clause," but expediency and good judgment dictate that we should accept and take the best that we can obtain for these deserving people at this trying time in our Nation's history.

Mr. BURTNESS. Will the gentleman yield?

Mr. FULLER. Yes.

Mr. BURTNESS. I am not interested in any political row, but I am interested in the wording of this bill and what the ambiguous language means. Subdivision (a), for instance, states—

Mr. FULLER. I have not the time to answer the gentleman's question.

Mr. BURTNESS. I should think some member of the committee would answer it.

Mr. FULLER. The language of the bill is so plain that any wayfaring man can read it as he runs. If the gentleman can not understand this language, I can not explain it to him in the time allotted me. The language of the bill is just as plain as the letters on a box car, and the language of the report and the bill is not susceptible to any controversy. [Applause.]

[Here the gavel fell.]

Mr. RANKIN. Mr. Speaker, I yield three minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, in the three minutes all I may say is that there are some things in the bill which I do not like. I do not like the amendment taking out the dependent parents, because I have had practical cases, as you must have had in your own districts, that illustrate the need of this provision.

I remember a case within the last three months of a widow who is an old lady 65 years of age and whose boy died in a hospital in Idaho. I do not know whether the doctor made a mistake or not in injecting something into this boy's arm, but anyway the boy died within two or three

weeks. I want to just picture to you in a moment the heroism of this mother who is taken out of this bill to-day. I called this matter to the attention of General Hines, and an investigation was made. I think the doctor who had injected whatever he did inject into this man's arm did so with the best of intentions, but at any rate the boy died, and the mother said to me, "I have no desire to have that doctor thrown out of the service. I understand he is to be pensioned in a short time." Even when she knew her boy was dead she said this to me. The boy is dead to-day, and this old mother must go to the welfare department of the city of Lynn and get whatever aid she can from the city, because when we took out the dependent parents provision we removed her from any possibility of aid from the United States Government.

Mr. RANKIN. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. RANKIN. We are going to try to have that amendment put back in the bill in the Senate.

Mr. CONNERY. I hope it will go back in the bill when it reaches the other body, because I think you will find that justice demands that the aged parents of these boys who die in hospitals—I would not say that the parents of any veterans who died without an injury connected with the service should be taken care of—but surely the man who dies as a result of an injury that came from direct connection with his service should have his dependent parents taken care of.

Mr. HARE. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. HARE. Do they not draw compensation under existing law under such conditions?

Mr. CONNERY. Not unless the man died in action, as I understand, under the present law.

Mr. HARE. No; the gentleman is mistaken. If he dies of a service-connection disability—

Mr. BROWNING. They do not receive it unless he died from a service-connected disability.

Mr. CONNERY. Yes; exactly.

Mr. WHITE. Will the gentleman yield?

Mr. CONNERY. Yes.

Mr. WHITE. In section (a) what is net income as used there?

Mr. CONNERY. I hope the House will pass this bill for the widows and orphans of the World War veterans.

[Here the gavel fell.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield two minutes to the gentleman from Ohio [Mr. MOUSER].

Mr. MOUSER. Mr. Speaker, I appreciate very much the courtesy of the gentleman from South Dakota in extending to me this time, when I am in favor of the bill.

Under the law at the present the widow of a soldier of the World War gets nothing, unless it is proved that the soldier died directly as the result of service-connected disability. We know that thousands of these men who were married and fathers of children died in their early thirties as a result of their experiences and suffering in the World War.

I am sorry that we are not voting for the Gasque bill, which would equalize the pensions of widows of all wars. But this bill is the only opportunity presented for giving the widows of World War veterans justice. I hope it will pass; I hope that party lines will not be taken into consideration in its adoption. It is only common justice. Let us pass this bill to-day, and later on adopt the Gasque bill. It is only in the interest of fairness, and so let no selfish individual on the ground of economy tell you that you ought not to do right by the widows of these World War veterans who went to war to give their lives, if necessary, for their country. I regret that the committee permitted a pauper clause in this measure since in the last Congress we overwhelmingly defeated by our votes such a declaration of policy on the grounds of decency and principle, but am compelled to vote for the bill since it is the best we are permitted to consider. [Applause.]

Mr. RANKIN. Mr. Speaker, I yield three minutes to the gentleman from South Carolina [Mr. GASQUE].

Mr. GASQUE. Mr. Speaker and Members of the House, I shall vote for this bill for the reason that I do not have an opportunity to vote for anything better. If this bill was to come before the House in this form we should have had an opportunity to offer amendments. I am unalterably opposed to inserting in any pension bill the "pauper clause." I think it is outrageous to require the widow of a man who served his country in any war to be required to take a "pauper oath" before her Government will give her a pension. This bill is especially unfair to the widows of the World War veterans. The widows of no other wars are required to take this "pauper's oath." Why should these widows have to take such an oath? As I have stated, however, I shall vote for it, because it will at least give to some widows, who have long been denied what they are entitled to, a little relief. There is a bill on the House calendar, for which I have been trying to get a special rule before the Rules Committee, which would give to the widows and orphans of all wars the same treatment, which was introduced by me and reported unanimously from the Committee on Pensions. This bill gives to the widows and orphans of all wars the same pension, based on their age, without requiring them to take a "pauper's oath."

I am disappointed that we are not able to get a rule for this bill from the leadership of the House, due largely, we are told, to the fact it carries an expenditure of five or six million dollars more a year than this bill. I am convinced, however, that this would be saved in the administration of the law had we been able to pass the uniform pension bill reported from the Committee on Pensions. This inequality of pensions for widows of various wars has been a very expensive policy for the Government to follow, due to the fact that every time the widows of one war are given an increase the widows of all other wars demand the same treatment. In supporting this bill I want to state that I have not given up the fight for a uniform widows and orphans pension bill, but I shall vote for this as the best I can get now, due to its being brought up under the suspension of the rule, and I sincerely hope that it will not be long before we can get a real pension bill which is uniform in its treatment to the widows and orphans of all wars. [Applause.]

Mr. JOHNSON of South Dakota. Mr. Speaker I yield one minute to the gentleman from Colorado [Mr. EATON].

Mr. EATON of Colorado. Mr. Speaker, I have asked for this time in order to get some information from the gentleman from Mississippi. I want to ask him if he will not ask to substitute the Gasque bill, H. R. 7230, for this bill, H. R. 8578?

Mr. RANKIN. I can not do that under the unanimous-consent agreement.

Mr. EATON of Colorado. I think we can do it by unanimous consent. Mr. Speaker, I ask unanimous consent that the bill H. R. 7230 be substituted for H. R. 8578.

The SPEAKER pro tempore (Mr. BLANTON). That is not in order under suspension of the rules. The Chair can not recognize the gentleman for that purpose.

Mr. JOHNSON of South Dakota. Mr. Speaker, I ask unanimous consent that all Members of the House may have five legislative days in which to extend their own remarks on this bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield one minute to the gentleman from New York [Mr. LA-GUARDIA].

Mr. LA-GUARDIA. Mr. Speaker, I want to ask the gentleman from Mississippi or some member of the committee to explain the meaning of paragraph (a) on page 2. There seems to be some confusion as to whether that means in regard to the income of the widow.

Mr. RANKIN. Mr. Speaker, the gentleman from South Dakota [Mr. JOHNSON] is the author of that provision, and I suggest that the gentleman direct his inquiry to him.

Mr. JOHNSON of South Dakota. Mr. Speaker, when I was chairman of the committee I usually did the explaining.

Mr. RANKIN. Then I shall answer the question if the gentleman can not. My understanding is that that is \$250 over and above their own earned wages, and so forth. Of course, I was not in favor of that provision in the bill.

The SPEAKER. The time of the gentleman from New York has expired.

Mr. RANKIN. Mr. Speaker, I yield one minute to the gentleman from Oklahoma [Mr. JOHNSON].

Mr. JOHNSON of Oklahoma. In the brief time given me to discuss the pending bill proposing a small pension to dependent widows and orphans of deceased World War veterans, let me say that while all of the provisions of this measure may not meet with our approval, it is a compromise and is undoubtedly the best bill we are going to have a chance to vote on during the present session of Congress.

There has been only one voice raised thus far against this bill. I refer, of course, to the genial and able gentleman from South Dakota, Mr. ROYAL JOHNSON, former chairman of the Veterans' Committee, who freely admits that he is a devoted friend of the disabled veterans and their dependents, but who in recent years usually has managed to find an excuse to vote against legislation looking to their relief.

When I came to Congress, more than five years ago, I was laboring under the impression, or, rather I should say the hallucination, that the distinguished gentleman from South Dakota was a tried and true friend of the disabled veterans and their dependents. I had, of course, heard of his splendid war record, for which I still honor him. I had imagined him a safe man to follow, or at least work with, on all legislation for the relief of our veterans and their dependent widows and orphans. I soon discovered, however, that he usually voted with the crowd in this House that is opposed to any kind of real relief for our war veterans. We all know he can usually be relied upon to vote with the "standpats." I want to say in his presence that I have been amazed, surprised, and chagrined at his attitude in recent years on veterans' legislation.

Mr. Speaker, what surprised me most about the gentleman's speech a few minutes ago, in opposition to this legislation, what surprised me more than anything he has said during his many speeches in recent years in opposition to other important veteran legislation on this floor was his cheap, disgusting, and demagogic appeal to partisan politics. No one on this floor knows better than does the gentleman from South Dakota that partisan politics has no place in this debate, and yet he saw fit to take up most of his time lecturing those of us on the Democratic side of this aisle, in a clever and cunning effort to prejudice some real friends of veterans against the pending bill. I just want to tell him that the roll is going to be called on this measure granting belated recognition to the dependent widows and orphans of World War veterans, and that he is going to feel mighty lonesome when he reads the list of his handful of followers. [Applause.]

[Here the gavel fell.]

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield one minute to the gentleman from North Dakota [Mr. BURTNESS], who desires to have some explanation in respect to some section of the bill.

Mr. BURTNESS. Mr. Speaker, the gentleman from New York [Mr. LA GUARDIA] brought up one of the questions that I had in mind and which another speaker refused to answer. The chairman of the committee clarified that by his construction, which I think was necessary. I rise now to ask another question with reference to the word "or" at the end of line 6, on page 2, subdivision (a) with reference to time. The language is—

Who [the widow] was his wife and living with him not less than five years next before his death or who married him prior to January 1, 1925.

Does that qualification as to five years apply in all cases?

Mr. RANKIN. Certainly. It means that she must have lived with him for five years next preceding his death, or must have married him prior to January 1, 1925.

Mr. BURTNESS. That is the point. If they were married prior to January 1, 1925, then the 5-year provision does not apply?

The SPEAKER. The time of the gentleman from North Dakota has expired.

Mr. RANKIN. Mr. Speaker, I yield two minutes to the gentleman from New York [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Speaker, the only reason I take the floor is to keep the record straight. The members of the Committee on Rules are used to having the "buck" passed to them. They stand the pressure from all over the country. This is one instance, however, where I do not want the Record to fail to show the truth. This bill has been in the Committee on Rules for several months. I feel sure that if the amendment offered here to-day had been offered and accepted before the Committee on Rules, the bill would have been reported out on the floor long ago. I never heard any opposition to the bill, not even from the gentleman from South Dakota [Mr. JOHNSON], except to that clause relating to parents. As I recall, there was unanimous opposition to including parents.

To my surprise a suggestion has been made here to-day that if we pass the bill now with that provision out of the bill, an attempt will be made to put it back in the Senate by the proponents of the bill, who are now content to accept the bill with the amendment. I submit the question to the House as to whether that is entirely fair with the House which now proposes to pass the bill upon the theory that the widows and orphans of the World War veterans are the only ones to be taken care of.

I am very glad to see the bill come out here on the floor and to see the proponents of the bill finally accept the constant suggestion of the Committee on Rules that this new departure in respect to parents be eliminated. The elimination of that motion is undoubtedly what made it possible to bring the bill on the floor to-day, and no attempt should be made to break faith with the House.

Mr. RANKIN. Mr. Speaker, I have only one more speaker and I shall expect him to close the debate.

Mr. JOHNSON of South Dakota. Mr. Speaker, I yield two minutes to the gentleman from Missouri [Mr. DYER].

Mr. DYER. Mr. Speaker, this Government of ours almost from the beginning of its history has been liberal to veterans of wars and their dependents. We are doing in this bill in a measure only what we have done for the veterans and dependents of other wars. We must realize, and the people of the country must realize, that when they vote for war and throw the Nation into war and send our young men to fight and die and be disabled, there will be enacted by the American Congress liberal pension laws for dependents. [Applause.] If the American people do not want this policy continued, then they ought to be slow in throwing our country into war, especially into a war like the World War, where the suffering was so intense, and where we lost so many of our splendid youths upon the fields of battle, which brought such sorrow to the homes of thousands of our American fathers and mothers.

The World War was a great mistake so far as we of the United States were concerned. We should not have permitted ourselves to become entangled in the conflicting ambitions of the monarchies of the Old World. The reelection of President Wilson in 1916 on the platform "He kept us out of war" was the sober judgment of the American people as to whether we should enter that war. However, the pressure of the profiteer and the international banker who were solely concerned about the security of their European loans, together with the sensational exaggerations of a partially subsidized press, swept the President and Congress off their feet, and we became engulfed in a conflict that cost

the lives of 10,000,000 human beings, representing the very flower of the world's young manhood.

The mobilized forces of the United States in the World War reached the enormous total of 4,355,000 men. Of this number, 126,000 made the supreme sacrifice and now sleep the sleep of eternity. The wounded American casualties amounted to 235,000, many of whom died of their wounds or were either partially or wholly incapacitated. Aside from these frightful fatalities, our late European allies still owe us to-day, after a most liberal policy of refunding, the staggering sum of \$11,280,000,000 and from present indications the repayment of this loan, the major portion of which was made for rehabilitation purposes after the signing of the armistice, is exceedingly doubtful. Under the selfish leadership of France the United States seems to be anathema in all the countries of Europe. Our contribution to the World War in men and money is forgotten, and we are looked upon as a sort of international Shylock.

As the direct aftermath of the war the whole world is now suffering from one of the greatest depressions in history. The very foundations of our industrial civilization seem to be crumbling. The cost of government is mounting, taxes and unemployment are increasing, and everything seems to be topsy-turvy. Prohibition, which was surreptitiously forced on the public during the war, has given us the bootlegger, kidnaper, gangster, and racketeer. It has added materially to unemployment, filled our jails, enriched Capone and his gang, corrupted many public officials, undermined respect for law, and deprived the Federal Treasury of an annual revenue approximating \$1,000,000,000.

If we had not foolishly entered this World War, the United States would still be riding the crest of prosperity. There would be no necessity for balancing the Budget, as we would have had a surplus instead of a deficit in the Treasury, and we would not now be confronted either with the distressing problem of unemployment or the evils of a prohibitory law that is incapable of enforcement. But above all, there would be no pain to-day in the hearts of millions of mothers whose precious boys now sleep under the poppies on the hillsides of France, cruelly deprived of their God-given right to live their own lives of happiness and contentment.

The SPEAKER. The time of the gentleman from Missouri has expired.

Mr. JOHNSON of South Dakota. Mr. Speaker, I had not intended to speak further upon this subject and would not have done so, had it not been for the remarks of the gentleman from Oklahoma [Mr. JOHNSON], who apparently finds great fault with my attitude toward the service men. Of course, that gentleman has not been present during all of the years since the World War, and he is not familiar, perhaps, with all of the record. Had he been familiar with it, he would not have been so apt to make the statement he did. It happens that most of the bills affecting service men that have been enacted, until a very recent time, I have drawn and supported, but 25 per cent of the income of the United States is now paid out for service men, and there comes a time when there is a limit. I know when the limit is reached, though others may not know when it is reached. There comes a time when the people of the country can raise only a certain amount of money through taxation. Laws have been passed, when we had plenty of money in the Treasury, which should to-day be repealed. Some of them are in the economy measure which will come before the House to-morrow.

I have every sentiment for the service man. I ought to have, because I am perhaps better acquainted with the real service man of the World War than many of those who shed so many tears for him, but I know that the laws ought to be revised by some commission, so that equal justice is done to the veterans of all wars.

The provision in the economy measure ought to be retained, and this bill ought to be held up until it can be drafted so as to treat fairly the widows of all wars, and until we know where the money will come from.

The SPEAKER. The time of the gentleman from South Dakota has expired.

Mr. RANKIN. Mr. Speaker, I yield the balance of my time to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER of Tennessee. Mr. Speaker, it shall not be my purpose to engage in the controversies back and forth relative to the method employed for the consideration of this legislation.

It occurs to me that this is a matter of such far-reaching consequence and such great importance to the widows and orphans of the veterans of the World War that we should consider it without engaging in any matters of that kind.

The history of pension legislation goes back to the beginning of this Government. Legislation heretofore passed which granted benefits to the veterans of all wars in which our Nation has engaged has made provision for the widows and orphans of the men of all prior wars, and to-day we simply ask, in a measure, the same degree of consideration for the widows and orphans of our comrades of the World War as has been accorded to the veterans of other wars.

Mr. ALLGOOD. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. ALLGOOD. Is there not as much justice in passing this measure for the widows and orphans as there was in passing the disability allowance for the soldiers themselves?

Mr. COOPER of Tennessee. Absolutely. It is true this measure does not provide the same degree of allowance for widows and orphans of World War veterans as is now provided by law for the widows and orphans of the veterans of other wars, yet we do take into consideration the fact that this is the beginning of this type of legislation and it should be equalized so that the beneficiaries may all receive the same degree of consideration.

I am glad that the provision which is eliminated by way of amendment has been taken out. I yield to no man in interest or in sympathy for the parents of my comrades of the World War, but we should remind ourselves of the fact that neither this nor any other country in the world has ever embarked upon a pension policy providing a pension for the parents of veterans of a war who did not die of a service-connected disability. The parents are now provided with dependency compensation when their son died of a service-connected disability.

I do not favor the so-called needs clause in this bill and opposed it in the committee and hope it will be eliminated before the final passage of the bill in the Senate. Experience has shown that the inclusion of such a provision does not result in any saving to the Government in the cost of the legislation. Such provisions have been included in this type of legislation in the past and have later been eliminated upon the recommendation of the Government officials charged with the responsibility of administering the act.

While this bill is not exactly what I would prefer, I am so anxious to secure the passage of legislation providing for these widows and orphans of the World War veterans that I am willing to accept the bill as offered for passage with the hope that some changes may be made later.

The bill provides an allowance of \$20 per month for the widow of a World War veteran. It provides in the case where a veteran leaves a widow and one child the sum of \$26 per month, with \$6 for each additional child. If the veteran leaves no widow but one child, \$20 per month, with \$6 for each additional child.

I am happy to have the privilege of raising my voice in support of the passage of this legislation. To-day the pale faces of the widows and orphans of the World War veterans are turned in anxious anticipation to the Congress of their Nation, and I sincerely hope their appeal will be granted and this legislation passed.

The SPEAKER. The time of the gentleman from Tennessee has expired. All time has expired.

The question is on suspending the rules and passing the bill.

Mr. RANKIN. Mr. Speaker, I ask for the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were—yeas 316, nays 16, not voting 99, as follows:

[Roll No. 61]

YEAS—316

Adkins	Dowell	Kinzer	Reed, N. Y.
Allen	Doxey	Kniffin	Reid, Ill.
Allgood	Driver	Kopp	Reilly
Almon	Dyer	Kunz	Rich
Amile	Eaton, Colo.	Kurtz	Robinson
Andresen	Eaton, N. J.	Kvale	Rogers, N. H.
Andrew, Mass.	Ellzey	LaGuardia	Romjue
Andrews, N. Y.	Englebright	Lambertson	Sanders, N. Y.
Arentz	Erk	Lambeth	Sanders, Tex.
Arnold	Eslick	Lamneck	Sandlin
Auf der Heide	Fernandez	Lankford, Ga.	Schafer
Ayres	Finley	Lankford, Va.	Schuetz
Bacharach	Fish	Larsen	Seger
Bachmann	Fishburne	Leavitt	Selvig
Baldrige	Fitzpatrick	Lehbach	Shallenberger
Bankhead	Flannagan	Lewis	Shannon
Barbour	Foss	Lichtenwalner	Shott
Barton	Frear	Loneragan	Shreve
Beam	French	Loofbourow	Simmons
Bland	Fulbright	Lovette	Sinclair
Blanton	Fuller	Lozier	Smith, Idaho
Bloom	Fulmer	McClintic, Okla.	Smith, W. Va.
Bohn	Garrett	McClintock, Ohio	Snow
Bolleau	Gasque	McCormack	Somers, N. Y.
Boland	Gibson	McDuffie	Sparks
Bowman	Gifford	McFadden	Spence
Brand, Ga.	Gilbert	McGugin	Stafford
Briggs	Gilchrist	McKeown	Stalker
Britten	Glover	McLaughlin	Steagall
Browning	Goldsborough	McLeod	Stevenson
Brumm	Goss	McReynolds	Stewart
Buchanan	Granfield	McSwain	Stokes
Buckbee	Green	Maas	Strong, Kans.
Bulwinkle	Greenwood	Magrady	Strong, Pa.
Burdick	Gregory	Major	Summers, Tex.
Burtness	Griffin	Maloney	Sutphin
Busby	Guyer	Manlove	Swank
Butler	Hadley	Mansfield	Swanson
Byrns	Haines	Mapes	Sweeney
Cable	Hall, Miss.	Martin, Mass.	Swick
Campbell, Iowa	Hall, N. Dak.	Martin, Oreg.	Swing
Cannon	Hancock, N. Y.	May	Taber
Carden	Hardy	Mead	Tarver
Carter, Wyo.	Hare	Michener	Taylor, Colo.
Cary	Harlan	Miller	Taylor, Tenn.
Caviechia	Hart	Mitchell	Temple
Chavez	Hartley	Mobley	Thomason
Chiferfield	Hastings	Montet	Thurston
Christgau	Haugen	Moore, Ky.	Tierney
Christopherson	Hawley	Morehead	Tilson
Clancy	Hess	Mouser	Timberlake
Cochran, Mo.	Hill, Ala.	Nelson, Me.	Turpin
Collier	Hill, Wash.	Nelson, Mo.	Underwood
Collins	Hoch	Niedringhaus	Vinson, Ga.
Colton	Hogg, Ind.	Nolan	Vinson, Ky.
Condon	Hogg, W. Va.	Norton, Nebr.	Warren
Connery	Holiday	Norton, N. J.	Wason
Connolly	Hooper	O'Connor	Watson
Cooper, Ohio	Hope	Oliver, Ala.	Weaver
Cooper, Tenn.	Hopkins	Overton	Weich, Calif.
Cox	Horr	Parker, Ga.	Welsh, Pa.
Coyle	Howard	Parker, N. Y.	West
Crail	Huddleston	Parks	White
Crisp	Jacobsen	Parsons	Whitley
Cross	James	Partridge	Whittington
Crosser	Johnson, Mo.	Patman	Wigglesworth
Crowe	Johnson, Okla.	Peavey	Williams, Mo.
Crowthier	Johnson, Tex.	Person	Williams, Tex.
Crump	Johnson, Wash.	Pettengill	Wilson
Culkin	Jones	Pittenger	Wingo
Darrow	Kading	Polk	Withrow
Davis	Kahn	Pratt, Harcourt J.	Wolcott
Delaney	Karch	Ragon	Wolverton
De Priest	Keller	Rainey	Wood, Ga.
DeRouen	Kelly, Ill.	Ramseyer	Woodruff
Dickinson	Kelly, Pa.	Ramspeck	Wright
Dies	Kemp	Rankin	Wyant
Dominick	Kennedy	Ransley	Yates
Doughton	Ketcham	Rayburn	Yon

NAYS—16

Aldrich	Davenport	Houston, Del.	Montague
Beck	Douglas, Ariz.	Hull, Morton D.	Snell
Carter, Calif.	Evans, Calif.	Johnson, S. Dak.	Thatcher
Clarke, N. Y.	Free	Luce	Woodrum

NOT VOTING—99

Abernethy	Canfield	Cole, Md.	Drane
Bacon	Carley	Cooke	Drewry
Beedy	Cartwright	Corning	Estep
Black	Celler	Cullen	Evans, Mont.
Boehne	Chapman	Curry	Friesinger
Bolton	Chase	Dallinger	Freeman
Boylan	Chindblom	Dickstein	Gambrell
Brand, Ohio	Clague	Dieterich	Garber
Brunner	Clark, N. C.	Disney	Gavagan
Burch	Cochran, Pa.	Douglass, Mass.	Gillen
Campbell, Pa.	Cole, Iowa	Doutrich	Golder

Goodwin	Kleberg	Oliver, N. Y.	Sirovich
Griswold	Knutson	Owen	Smith, Va.
Hall, Ill.	Lanham	Palmisano	Sullivan, N. Y.
Hancock, N. C.	Larrabee	Perkins	Sullivan, Pa.
Hollister	Lea	Patterson	Summers, Wash.
Holmes	Lindsay	Pou	Tinkham
Hornor	Linthicum	Prall	Treadway
Hull, William E.	Ludlow	Pratt, Ruth	Tucker
Igoe	McMillan	Purnell	Underhill
Jeffers	Millard	Rogers, Mass.	Weeks
Jenkins	Milligan	Rudd	Williamson
Johnson, Ill.	Moore, Ohio	Sabath	Wolfenden
Kendall	Murphy	Schneider	Wood, Ind.
Kerr	Nelson, Wis.	Seiberling	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Gillen with Mr. Purnell.
Mr. Gavagan with Mr. Wood of Indiana.
Mr. Griswold with Mrs. Rogers.
Mrs. Owen with Mr. Estep.
Mr. Canfield with Mr. Millard.
Mr. Black with Mr. Hollister.
Mr. Larrabee with Mr. Perkins.
Mr. Corning with Mr. Underhill.
Mr. Dietrich with Mrs. Pratt.
Mr. Prall with Mr. Bacon.
Mr. Tucker with Mr. Wolfenden.
Mr. Drane with Mr. Goodwin.
Mr. Hornor with Mr. Jenkins.
Mr. Jeffers with Mr. Golder.
Mr. Sullivan of New York with Mr. Sullivan of Pennsylvania.
Mr. Lea with Mr. Holmes.
Mr. Brunner with Mr. Seiberling.
Mr. Kleberg with Mr. Cochran of Pennsylvania.
Mr. Boylan with Mr. Freeman.
Mr. Clark of North Carolina with Mr. Curry.
Mr. Oliver of New York with Mr. Knutson.
Mr. Ceiler with Mr. Moore of Ohio.
Mr. Gambrell with Mr. Doutrich.
Mr. Fiesinger with Mr. Brand of Ohio.
Mr. Sabath with Mr. William E. Hull.
Mr. Dickstein with Mr. Nelson of Wisconsin.
Mr. Chapman with Mr. Cooke.
Mr. Douglass of Massachusetts with Mr. Garber.
Mr. Linthicum with Mr. Beedy.
Mr. Milligan with Mr. Chindblom.
Mr. Cullen with Mr. Cole of Iowa.
Mr. Pou with Mr. Kendall.
Mr. Lindsay with Mr. Treadway.
Mr. Kerr with Mr. Dallinger.
Mr. Rudd with Mr. Johnson of Illinois.
Mr. Burch with Mr. Williamson.
Mr. Lanham with Mr. Hawley.
Mr. Disney with Mr. Murphy.
Mr. McMillan with Mr. Hall of Illinois.
Mr. Smith of West Virginia with Mr. Weeks.
Mr. Drewry with Mr. Summers of Washington.
Mr. Boehne with Mr. Clague.
Mr. Cole of Maryland with Mr. Campbell of Pennsylvania.
Mr. Hancock of North Carolina with Mr. Schneider.
Mr. Ludlow with Mr. Chase.
Mr. Carley with Mr. Bolton.
Mr. Sirovich with Mr. Palmisano.
Mr. Abernethy with Mr. Igoe.

Mr. COOPER of Tennessee. Mr. Speaker, I am requested to state that the gentleman from Massachusetts, Mr. DOUGLASS, is unavoidably detained. If he were permitted to be present, he would vote "yea."

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleague, Mrs. ROGERS, is absent on Government business. If she were present, she would vote "yea."

Mr. COOPER of Ohio. Mr. Speaker, my colleague, Mr. MOORE of Ohio, is unavoidably absent on account of illness. Had he been present, he would have voted "yea."

Mr. VINSON of Kentucky. Mr. Speaker, I would like to make a similar announcement in behalf of my colleague, Mr. CHAPMAN.

Mr. RANKIN. Mr. Speaker, I desire to state that the gentleman from North Carolina, Mr. HANCOCK, is unavoidably absent. If he were present, he would have voted "yea."

Mr. CARTWRIGHT. Mr. Speaker, I listened to the debate on this bill, but stepped out of the Chamber during the roll call.

The SPEAKER. The gentleman does not qualify.

Mr. CARTWRIGHT. If permitted to vote, I would vote "yea."

Mr. WHITE. Mr. Speaker, my colleague, Mr. JENKINS, is unavoidably absent on account of illness. If present, he would vote "yea."

Mr. SUMMERS of Washington. Mr. Speaker, I was called out of the Chamber. If permitted to vote, I would vote "yea."

The result of the vote was announced as above recorded.

EXTENSION OF REMARKS—PENSIONS FOR WORLD WAR WIDOWS

Mr. GUYER. Mr. Speaker, this one measure, even in the desperate situation of the Federal Treasury, I can heartily approve. If there is any one class of persons more worthy of a pension than the widows and orphans of World War veterans, I do not know of it. It is true that it was a quarter of a century before widows of Civil War soldiers were granted pensions and 16 years before widows of Spanish War veterans were so favored. In each of these cases the pensions were small, but at that time were deemed adequate.

It has been 12 years now since the World War was terminated, but in these days of lack of employment thousands of World War widows with children are suffering privation, and the children undernourishment, which does not speak well for the chivalry of a Nation which has provided so lavishly for both service-connected disabilities of veterans and those disabled not in the line of duty.

Personally, I would have preferred the Gasque bill, which makes provision for all war widows of all wars alike and for dependent children. This bill is safeguarded by the provision that where a widow has a net income of \$250 besides her labor, she is not entitled to the benefits under it. It also provides that she is not entitled to a pension unless she lived with her soldier husband for five years prior to his death, or was married to him prior to January 1, 1925. The reasons for these provisions are obvious and are the results of compromises between those who differed in the committee as to the details of the law.

I regret the provision for dependent parents was eliminated, for no doubt every Member, as I have, has had brought to his attention cases where a mother has been left helpless by the death of her son who was her only hope for support in old age. It is my contention that when that mother has sacrificed her son on the altar of her country, thereby losing not only his companionship and comfort but also her support, which every boy worthy of the name of son is glad to lavish upon his mother, her country should of right, as far as it can, repay her for her overwhelming loss, to reward her devotion and sacrifice by the only means in its power to lighten the burden her son would have considered it a high privilege to bear. Again I express my regret at this omission which at some more propitious time may be included.

But this bill makes an honest effort to do justice to those whom this great Government owes a debt of everlasting gratitude. No one in this Congress is more anxious for economy legislation than I nor more chagrined at the evident failure to enact speedily a real economy program, yet I do not want to see injustice meted out to these deserving and more or less helpless widows and children in the name of economy. They deserve the protection of this Government if anyone does.

For of all who suffer in time of war and in the lonely years that follow it, none, it seems to me, bear such a heavy burden as the women whose lives fall within the shadow of its dread desolation. To them there is no beat of battle drum that stirs the heart where the hell of battle plunges. Only the dull dread of what must always befall some of those who fight for their country. Long ago we used to read in our old school readers a poem by Thomas Buchanan Read, which so aptly and beautifully expresses this thought, that I quote it not only to impress the truth to which I have referred but also to revive the memories that cluster around the light of other years:

THE BRAVE AT HOME

The maid who binds her warrior's sash,
With smile that well her pain dissembles,
The while beneath her drooping lash
One starry teardrop hangs and trembles,
Though heaven alone records the tear,
And fame shall never know her story,
Her heart has shed a drop as dear
As e'er bedewed the field of glory!

The wife who girds her husband's sword
Mid little ones who weep or wonder,
And bravely speaks the cheering word,
What though her heart be rent asunder,
Doomed nightly in her dreams to hear
The bolts of death around him rattle,
Hath shed as sacred blood as e'er
Was poured upon the field of battle!

The mother who conceals her grief.
While to her breast her son she presses,
Then breathes a few brave words and brief,
Kissing the patriot brow she blesses,
With no one but her secret God
To know the pain that weighs upon her,
Sheds holy blood as e'er the sod
Received on freedom's field of honor!

Mr. HALL of Mississippi. Mr. Speaker, I am glad to indorse legislation granting pensions to the dependent widows and children of our World War veterans, because I feel that it is the duty of the Federal Government to help take care of them. It is said that dancers must pay the fiddler. We knew when we sent our soldiers off to war that sooner or later we would have to grant allowances to their dependent widows and orphans; therefore it behooves Congress to accept this responsibility without quibbling over it. Since Congress has granted liberal pensions to the widows and orphans of veterans of all former wars involving this country, there is no good reason why the widows and orphans of our World War veterans should be denied similar benefits.

Under the provisions of the present law only the widows and orphans of World War veterans dying from service-connected disabilities are entitled to pensions. This amendment eliminates that inequality. Whether or not death results from service-connected disabilities, the dependent widows and orphans of those valiant soldiers who left their homes and families and jobs and crossed the Atlantic to fight on foreign soil are entitled to allowances. I am glad this measure places all widows and orphans of World War veterans on an equal footing.

I can not imagine anything more pitiful than the plight of the widow or children of a World War veteran who have become public charges or who must eke out a mere existence with insufficient means for obtaining the bare necessities of life. Nor is there any justification for the Government leaving them to such a fate.

There is opposition to passing this measure at the present time because of unfavorable economic conditions. Neither the veterans nor their widows and orphans are responsible for the prevalence of the worst financial panic in the annals of this country. I am for strict economy in government; but when this country becomes so broke it can not afford a small pension for the widows and orphans of our war veterans, it might as well declare itself bankrupt and have it over with.

There is opposition to this bill because its administration will cost some money. But there was no opposition to our entrance into the World War on that ground. As a matter of fact, the entire resources of the country were pledged for financing our participation in that conflict. To oppose the granting of these allowances because of the cost involved is nothing more or less than begging patriotism.

The real truth is the pensions allowed, under the terms of this bill, are the least that the richest and most powerful nation under the sun could provide without losing face completely. I am quite sure its administration will not break the Treasury. It grants an allowance of \$20 a month to the dependent widow of a veteran who served at least 90 days during the period of the World War and \$6 a month to each child under 16 years of age. One orphan is allowed \$20 a month and each additional orphan \$6 a month. A widow whose net income exceeds \$250 a year is ineligible to participate in the benefits, and so is an orphan whose annual net income exceeds \$400. I regret that this so-called "needs clause" is incorporated in this amendment. It is a travesty on justice to require the widows of our World War veterans to take the "pauper's oath" in applying for a pension. This is not required of the widows of veterans of any previous war. I am confident, however, that this objectionable

"needs clause" subsequently will be stricken out by amendment.

I can not understand why the administration should object so strenuously to this legislation. For that matter, I can not fathom the administration's attitude toward veterans' relief legislation generally. Practically every measure granting World War veterans a semblance of relief has had to hurdle a presidential veto. Not only does the Executive oppose such legislation, but he vetoes it in advance. I contend that it is anomalous for him to oppose the granting of relief to the distressed widows and orphans of our own World War veterans when he asked for and received from the Federal Treasury \$100,000,000 for relieving distressed widows and orphans in Europe after the World War—distress thrust upon them by that dreadful holocaust.

Moreover, scores of Americans remained at home and piled up millions of dollars of excess war profits while our soldiers were fighting in France. During the last decade the administration has refunded excess war-profits taxes approximating a billion dollars. Regardless of the merits or demerits of these refunds, I contend that the dependent widows and orphans of the soldiers who did the actual fighting are more worthy to receive the allowances granted them under this measure. In my judgment, it is the height of ingratitude for those who have received excess war-profits tax refunds to voice opposition to the enactment of this law.

I repeat that I advocate this measure because I feel that the allowances granted to the dependent widows and orphans of our World War veterans are justifiable and meritorious. They should have been provided shortly after the end of the war. They will not bankrupt the Treasury; but they will enable the widows and orphans of World War veterans to keep soul and body together. No really patriotic American should object to the inconsequential appropriation required to administer the act. I am glad of the opportunity to cast my ballot in favor of the measure.

ARMY-NAVY FOOTBALL GAME

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent for the present consideration of a resolution, which I have sent to the Clerk's desk.

The SPEAKER. The gentleman from Alabama asks unanimous consent for the present consideration of a resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 210

Resolved, That it is the sense of the House of Representatives that in the event the football teams of the United States Military Academy and the United States Naval Academy engage in a contest this George Washington bicentennial year, the authorities in charge of the matter are hereby respectfully requested to use their good offices in having such contest in the city of Washington.

The SPEAKER. Is there objection to the present consideration of the resolution?

Mr. SNELL. Mr. Speaker, reserving the right to object, I would like to have the gentleman explain what he means by this resolution?

Mr. BANKHEAD. I spoke to the gentleman from New York about it. I realize this is a somewhat irregular procedure, but if the gentleman was present on the floor of the House a few days ago when I called attention to this matter, he would know that it seemed to meet with the universal approval of the Members who heard the suggestion I made. At that time I stated the reasons which actuated a request of this sort upon the part of those who were in charge of the bicentennial athletic contests in the city of Washington during the period of the bicentennial.

Mr. SNELL. This request is rather unusual.

Mr. BANKHEAD. I very frankly admit it is and I even admit it may trespass somewhat on the proprieties, but there was such a universal interest manifested in it that I felt I was warranted in offering the resolution.

Mr. TILSON. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. TILSON. Where does the gentleman think such a game could be held in the city of Washington?

Mr. BANKHEAD. I would be very glad to have the gentleman from New York [Mr. Bloom], who is officially and personally interested, answer the inquiry of the gentleman from Connecticut.

Mr. BLOOM. At the baseball park.

Mr. TILSON. How many can be accommodated at the baseball park?

Mr. BLOOM. From thirty to thirty-five thousand people.

Mr. TILSON. That is a very small capacity for such a game.

Mr. BLOOM. I am informed they can accommodate 40,000 people by using the field.

Mr. SCHAFER. Will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. SCHAFER. I would like to ask if the resolution has the approval of the Economy Committee? From the standpoint of economy it would be better for the Treasury if they played this game at a stadium which will seat 80,000 or 90,000 people.

Mr. BANKHEAD. I will state to the gentleman that the Bicentennial Commission does not expect to ask any further appropriation out of the Federal Treasury. The matter of appropriations is behind us.

Mr. BLOOM. And this will not cost the Government a cent.

Mr. SCHAFER. Mr. Speaker, I shall have to object until the Economy Committee passes on this matter.

Mr. BANKHEAD. I hope my friend will not do that. This is merely a suggestion.

Mr. SCHAFER. The gentleman from New York [Mr. Bloom] has indicated that this will not cost the Government of the United States directly or indirectly.

Mr. BLOOM. Not a cent.

Mr. LaGUARDIA. I will say to the gentleman it is better to have the game in the city of Washington in this ball park than to have it where the ticket speculators can make money out of it.

Mr. SCHAFER. In view of the statements of the two distinguished gentlemen from New York I shall withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. GOSS. I object, Mr. Speaker.

GOVERNMENT EXPENDITURES

Mr. SWING. Mr. Speaker, on Saturday I put in the RECORD a letter from Du Pont Co. containing figures comparing the expenditures of the Government for 1927 and 1932. At that time I had hoped to ask leave to put in the RECORD a statement by the Budget analyzing these figures and showing that they presented an unfair and unjust picture. I now have that statement, and I ask unanimous consent to insert the statement in connection with my remarks and ask that it may go in the permanent RECORD following the Du Pont letter.

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, will the gentleman add that the Du Pont letter has been copied by many corporations throughout the country? There is an article in the Review of Reviews by a gentleman who is supposed to be informed, and corporations and banks and chambers of commerce have copied this letter, which is full of misinformation, purposely misleading on conditions with respect to the Budget, and they are circulating such misrepresentations throughout the country.

Mr. SWING. The gentleman's statement goes in the RECORD along with this request.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. RAINEY. Mr. Speaker, it is very evident that if we are to adjourn before the conventions we must speed up the work of the House, and I therefore ask unanimous consent that Calendar Wednesday business this week be dispensed with.

Mr. JOHNSON of Washington. Mr. Speaker, reserving the right to object, I am not going to object, but I want to make a note that this thing has happened in every Congress for years and years, until Calendar Wednesday is almost worthless. The Committee on Immigration has not had a Calendar Wednesday call since 1922. I agree it is necessary to speed up, and I want to say to the Democratic leaders that I know they have the work to do, but, as a matter of fact, they are throwing these great big national problems across the plate a little too fast. With this statement, I shall not object.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ARMY-NAVY FOOTBALL GAME

Mr. BANKHEAD. Mr. Speaker, I understand the gentleman from Connecticut [Mr. Goss] is willing to withdraw his objection, and I therefore renew my request for the present consideration of the resolution which was read a little while ago.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The resolution was agreed to.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GAVAGAN, at the request of Mr. KENNEDY, on account of illness.

CIVIL SERVICE RETIREMENT LEGISLATION

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of civil-service retirement.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, on May 22, 1920, after many years of discussion and agitation, the original retirement act for Federal employees of the Civil Service of the United States, known as Public, No. 215, Sixty-sixth Congress, was approved by President Wilson. This act became effective for retirement purposes 90 days subsequent to its approval, namely, August 21, 1920, and embraced within its provisions all employees of the Civil Service of the United States, together with certain other small groups of employees, specifically mentioned therein, who were actually in the service on its effective date or who subsequently established a civil-service status. It was not retroactive in any of its provisions and did not include employees who became absolutely separated from the service prior to August 21, 1920.

Briefly stated, all employees to whom the act applied, who had rendered an allowable service to the Government of at least 15 years and had attained the statutory retirement age of 70, were retired on annuities ranging in amount from \$180 or less to the maximum of \$720 per annum, the computation of the annuity being based upon a certain percentage of the average annual basic salary received by the employee for the last 10 years of active service and the number of years of service rendered. Under the terms of this act, when an employee reached 70 years of age and had not served a total period of 15 years, he, nevertheless, was automatically separated from the service. Letter carriers, postal clerks, and mechanics retired at 65 years of age, and railway mail clerks at 62.

The total number of annuitants on the retirement roll at the expiration of the first fiscal year, June 30, 1921, was 6,471, the average annual annuity rate amounting to \$568.44. The disbursements covering this period for the payment of refunds, annuities, and allowances amounted to \$2,913,000. The total receipts by transfer on the books of the Treasury Department to the credit of the civil-service retirement and disability fund for the year ended June 30, 1921, together with interest, and so forth, amounted to over \$12,500,000.

Deductions from the salaries of employees under the purview of the act, numbering approximately 300,000, began on August 1, 1920, at the rate of 2½ per cent of the basic salary, pay, or compensation. At the end of the first fiscal year, or a period of 11 months, under the operation of the retirement system, after paying out of the fund refunds of deductions, annuities, and allowances, there was a balance in excess of \$9,000,000 in the civil-service retirement and disability fund, invested by the Secretary of the Treasury under specific authority of the retirement act.

The scope of the original retirement act was broadened and liberalized by an Executive order issued June 7, 1922, extending retirement benefits to certain groups of unclassified laborers whose basic salaries exceeded \$600 per annum.

An amendment approved June 17, 1922, included in the act charwomen, laborers, and other employees, whether classified or unclassified, employed on a regular basis, whose basic salary was at a rate less than \$600 per annum.

An amendment to the retirement act, approved September 22, 1922, was designed primarily to provide an annuity under restricted conditions for those employees who, after long years of service, become involuntarily separated from the service, through no fault or delinquency on their part, before reaching the prescribed retirement age.

Annuities granted under the terms of this amendment are computed on a percentage basis; that is, allowances are made on a percentage of the amount the employee otherwise would be entitled to receive had he reached the statutory retirement age of the position occupied.

The act of July 3, 1926, otherwise known as Public, No. 522, Sixty-ninth Congress, became effective July 1, 1926. This act amended and replaced the act of May 22, 1920, and amendments thereof and at the same time continued the retirement system, but under several changed conditions. Eligibility for superannuation retirement was fixed at 62, 65, and 70 as theretofore. Laborers formerly eligible at 70 years of age became eligible at 65 and employees engaged in hazardous occupations or in occupations which required great physical effort or which necessitated exposure to extreme heat or cold became eligible at 62. Employees who had rendered 15 years of service in the Tropics likewise became eligible at 62, sea post clerks and village letter carriers at 65 years.

A new feature in connection with applications for continuance in the service was incorporated in this act to the effect that it did not contemplate automatic separation upon reaching retirement age unless the employee had rendered at least 15 years of service.

Several groups of employees formerly not within the purview of the act were included in this new act, one particular group being postmasters of the first, second, and third classes who had been promoted, appointed, or transferred from the classified civil service.

The act of July, 1926, established an entirely new method of computing annuities, the formula prescribed being the multiplication of the average annual basic salary received by the employee, not exceeding \$1,500 per annum, during the last 10 years of allowable service by the number of years of service, not exceeding 30, and dividing the result by 45, the annuity being fixed at the nearest multiple of 12 and in no case to exceed \$1,000 per annum.

The method of computing accredited service provided that "in determining the aggregate period of service upon which the annuity is to be based the fractional part of a month, if any, in the total service shall be eliminated." This method was a radical change from the one theretofore provided which, under the act of May 22, 1920, divided service rendered into 3-year periods.

For instance, if an employee had rendered in the aggregate 29 years 11 months and 20 days' service, he would, under the terms of the original law, be credited with 27 years only, as class A, under the old law, included employees who had served the United States for a total period of 30 years or more; class B, included employees serving 27 years or more, but less than 30 years; class C, 24 years or more, but less than 27; class D, 21 years or more, but less than 24;

class E, 18 years or more, but less than 21 years; and class F, 15 years or more, but less than 18 years.

Another new provision in this act, and which established a new practice, dealt with credit for leaves of absence, as follows:

So much of any leaves of absence as may exceed six months in the aggregate in any calendar year shall be excluded, and in the case of substitutes in the Postal Service credit shall be given from date of original appointment as substitute.

Section 10 of the new act provided an increase in the contributions of the employees from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent of the basic salary, pay, or compensation beginning July 1, 1926.

A new feature concerning retirement on account of total disability required the applicant to execute the application prior to separation from the service or within six months thereafter.

Under the former law, the maximum amount of accumulated deductions and so forth which could be paid, in the event of the death of the employee or annuitant, without administration was \$300, and when no executor or administrator was appointed, it was necessary for the claimant to wait 90 days from date of death before settlement of the claim could be made. Under the terms of the July act, such limitation was increased to \$1,000 and when no executor or administrator was appointed, authority was given to settle such claim at the expiration of 30 days from date of death.

The amount transferred to the civil-service retirement and disability fund for the fiscal year 1926 (under the operation of the original act), was over \$20,000,000, including interest. Disbursements totaled over \$10,000,000 for this particular year and there was a balance in the retirement fund amounting to over \$4,600,000, June 30, 1926. Thus, after approximately six years of operation of the retirement system, there were over 12,500 annuitants on the roll receiving an average annual annuity rate of \$545, more than 10,200 on account of age, and over 2,200 on account of total disability.

It became necessary to readjust and recompute over 12,500 cases of annuitants on the roll under the terms of the act of July, 1926, as that law provided that the benefits thereof should be extended to those already retired. As a result, a large proportion of the annuitants received a substantial increase in their annuities. It is significant to point out that the average annuity on June 30, 1926, under the original act of May 22, 1920, was \$545.57, whereas the average on June 30, 1927, under the act of July 3, 1926, was \$721.39, an increase of a little more than 32 per cent. At the close of the fiscal year 1927 it was developed that of the total number of annuitants on the roll a little more than 19 per cent were receiving the maximum provided under the act of July, 1926. More retirement claims were filed during the first year of the July act than during any other preceding fiscal year with the exception of 1921. No doubt the higher rate of annuities provided thereunder had a marked influence on the result. More claims for retirement on account of total disability were filed in 1927 than in any of the years immediately preceding.

On May 29, 1930, an act amending the act of July 3, 1926, providing for the retirement of employees in the classified civil service was approved by the President. This act became effective July 1, 1930, and retains many provisions of prior laws, but there are several changes of vital importance. It reduces the age of superannuation retirement of certain groups of employees, and also provides optional retirement two years earlier in all cases where the employee has rendered at least 30 years' service. Section 2 of the act relates to automatic separation from the service upon reaching retirement age unless the employee is certified for extension. Prior laws provided that no one should be continued in the service for more than four years beyond retirement age after August 20, 1930. The new law makes possible still further extension in cases where the services of the employee are needed by reason of expert knowledge and special qualifications. This new act provides an entirely new method for the computation of annuities, and is the most important departure from the prior law.

A new feature regarding disability retirement is the extension of retirement benefits to employees otherwise entitled who shall have rendered a service to the Government of not less than five years, and retains the provision of the act of July 3, 1926, that the claim for total disability must be executed prior to the applicant's separation from the service or within six months thereafter.

The act of April 23, 1930, Public, No. 165, Seventy-first Congress, provides for a uniform date of retirement. In other words, all retirement of Federal personnel of whatever class—civil, military, naval, judicial, legislative, or otherwise—shall take effect on the 1st day of the month following the date of eligibility for retirement.

There were 22,650 annuitants on the roll at the end of the fiscal year June 30, 1931—15,357 on account of age, 4,947 on account of total disability, 1,374 by reason of involuntary separation, and 972 optional after 30 years of service—and the average annuity paid under the act of May, 1930, was \$952 per annum, as compared with \$759 for the last year under the July act; 33.7 per cent were receiving \$1,200 per annum and 66.3 per cent less than that amount. It is significant to mention that under the act of May 29, 1930, there is really no maximum annuity and that as time goes on the rate will increase until it will be possible to receive as much as \$2,500 per annum or more.

Section 4 of this new act, which prescribes the method of computing annuities, provides that a sum equal to \$30 for each year of service, not exceeding 30, shall be allowed, to which shall be added the amount of annuity purchasable with the sum to the credit of the employee's individual account, together with interest at 4 per cent compounded annually on June 30 of each year, but it is further provided that in no case shall the annuity paid be less than an amount equal to the average annual basic salary, pay, or compensation, not to exceed \$1,600 per annum, received by the employee during any five consecutive years of allowable service at the option of the employee, multiplied by the number of years of service, not exceeding 30 years, and divided by 40.

This new act of May 29, 1930, likewise provided that the benefits thereof be extended to all employees heretofore retired, which resulted in giving an increase in annuity to over 17,000 retired former employees.

The maximum life annuity to which an employee is entitled retiring at the present time, after 30 years of allowable service and an average annual basic salary of \$1,600 per year or more for the best five consecutive years of allowable service, is \$1,200.

There are now approximately 450,000 employees under the purview of the civil service retirement act, and the contributions by these employees to the civil-service retirement and disability fund for the fiscal year ended June 30, 1931, amounted to over \$29,600,000.

During the operation of the civil-service retirement system the employees of the Government have contributed to the civil-service retirement and disability fund an amount in excess of \$228,700,000 up to June 30, 1931. Interest and profits on the investments have exceeded \$30,800,000. Miscellaneous receipts reached a sum amounting to over \$1,000,000, and the appropriations by Congress have totaled over \$61,000,000, thus showing total receipts to be in excess of \$322,000,000. Out of that has been paid in annuities to retired employees an amount in excess of \$96,000,000, refunds to employees separated from the service an amount of more than \$35,000,000, and direct settlements by the General Accounting Office equaled over half a million dollars. Total disbursements to June 30, 1931, amounted to over \$131,000,000, and the balance in the fund on June 30, 1931, was over \$191,000,000 as compared with over \$156,000,000 at the end of the fiscal year 1930.

THOMAS JEFFERSON AND RELIGIOUS FREEDOM

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing an address recently delivered in the city of Washington by the present Governor of Virginia, Hon. John Garland Pollard, on Thomas Jefferson and Religious Liberty.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. JOHNSON of Oklahoma. Mr. Speaker, recently in this city I had the pleasure of hearing Hon. John Garland Pollard, Governor of Virginia, deliver a very splendid address on Thomas Jefferson and Religious Freedom. Because of the historical information set forth in this unusual address, and because Governor Pollard is recognized as one of America's outstanding authorities on this subject, I requested the governor to furnish me a copy, which he was kind enough to do. Under the leave granted me I include the eloquent and informative address to be printed in the RECORD, as follows:

ADDRESS OF HON. JOHN GARLAND POLLARD, GOVERNOR OF VIRGINIA, AT FIRST BAPTIST CHURCH, WASHINGTON, D. C., FEBRUARY 21, 1932

Thomas Jefferson and our Baptist forefathers were friends. With the early Baptists religious liberty was a part of their religion; with Jefferson it was a part of his political philosophy.

Thomas Jefferson was born into an intolerant world. Men were not allowed to worship God according to the dictates of their consciences; they could not attend a church of their own choosing but were compelled to attend the church established by law and were taxed to support that church. Ministers of other churches were fined, beaten, and imprisoned for no other offense than the preaching of the gospel.

Heresy was punishable by law, a Virginia statute specifically providing that if a person brought up in the Christian religion denies the being of God, or the Trinity, or asserts that there are more Gods than one, or denies the Christian religion to be true, or the Scripture to be of divine authority, he must be punished for the first offense with incapacity to hold office—on the second offense he was punished by three years' imprisonment without bail.

With the coming of the American Revolution and the adoption of the first constitution of Virginia, it was declared in the famous bill of rights that "all men are equally entitled to the free exercise of religion according to the dictates of conscience," but the Episcopal Church was left established by law and it was not until nine years later that Jefferson's Statute of Religious Liberty was passed, after a struggle which he described as being the severest in which he was ever engaged. This statute of which Jefferson was so justly proud is one of the world's great liberty documents, and belongs beside the Magna Charta, the Virginia Bill of Rights, and the Declaration of Independence. It is unique in that it carries upon its face the arguments upon which it was based and gives a faithful picture of the evils it was intended to correct. I ask your closest attention while I reverently read its immortal words:

"Whereas Almighty God hath created the mind free; that all attempts to influence it by temporal punishment or burthens or by civil incapacitations tend only to beget habits of hypocrisy and meanness and are a departure from the plan of the Holy Author of our religion, who being Lord both of body and mind yet chose not to propagate it by coercions on either, as was His almighty power to do.

"That the impious presumption of legislators and rulers, civil as well as ecclesiastical, who being themselves but fallible and uninspired men have assumed dominion over the faith of others, setting up their own opinions and modes of thinking as the only true and infallible, and as such endeavoring to impose them on others, have established and maintained false religions over the greatest part of the world and through all time.

"That to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical, and even forcing him to support this or that teacher of his own religious persuasion is depriving him of the comfortable liberty of giving his contributions to the particular pastor whose morals he would make his pattern and whose powers he feels most persuasive to righteousness, and is withdrawing from the ministry those temporal rewards which, proceeding from an approbation of their personal conduct, are an additional incitement to earnest and unremitting labors for the instruction of mankind.

"That our civil rights have no dependence on our religious opinions any more than our opinions in physics or geometry.

"That therefore the proscribing any citizen as unworthy the public confidence by laying upon him an incapacity of being called to offices of trust and emolument, unless he profess or renounce this or that religious opinion, is depriving him injuriously of those privileges and advantages to which, in common with his fellow citizens, he has a natural right.

"That it tends only to corrupt the principles of that religion it is meant to encourage, by bringing, with a monopoly of worldly honors and emoluments, those who will externally profess and conform to it.

"That though those are criminal who do not withstand such temptation, yet neither are those innocent who lay the bait in their way.

"That to suffer the civil magistrate to intrude his powers into the field of opinion, and to restrain the profession or propagation of principles on supposition of their ill tendency, is a dangerous fallacy, which at once destroys all religious liberty, because he, being of course judge of that tendency, will make his opinions the rule of judgment and approve or condemn the sentiments of others only as they shall square with or differ from his own.

"That it is time enough for the rightful purposes of civil government for its officers to interfere when principles break into overt acts against peace and good order.

"And, finally, that truth is great and will prevail, if left to herself; that she is the proper and sufficient antagonist of error, and has nothing to fear from the conflict unless by human interposition disarmed of her natural weapons, free argument and debate; errors ceasing to be dangerous when it is permitted freely to contradict them.

"Be it enacted by the general assembly:

"That no man shall be compelled to frequent or support any religious worship, place, or ministry whatsoever.

"Nor shall be enforced, restrained, molested, or burthened, in his body or goods, nor shall otherwise suffer on account of his religious opinions or belief.

"But that all men shall be free to profess, and by argument to maintain, their opinions in matters of religion, and that the same shall in no wise diminish, enlarge, or affect their civil capacities.

"And though we well know that this assembly, elected by the people for the ordinary purposes of legislation only, have no power to restrain the acts of succeeding assemblies constituted with powers equal to our own, and that, therefore, to declare this act to be irrevocable would be of no effect in law, yet we are free to declare, and do declare, that the rights hereby asserted are the natural rights of mankind, and that if any act shall be hereafter passed to repeal the present or to narrow its operation such act will be an infringement of natural rights."

This statute, unchanged, is to-day a part of our Virginia Code, and its principles have been carried into our present constitution. When the statute was under discussion in the general assembly an incident occurred which clearly showed that the law was not intended for the protection of Christians only but for all mankind. An amendment was offered inserting the words "Jesus Christ" before the words "Holy Author of our religion," and the amendment was overwhelmingly defeated, and as our supreme court afterwards declared, "all religions were put on a footing of perfect equality; protecting all, imposing neither burdens or civil incapacities upon any; conferring privileges upon none, placing the Christian religion where it stood in the days of its purity before its alliance with the civil magistrate, and when its votaries employed for its advancement no methods but such as are congenial to its nature, proclaiming to all of our citizens that henceforth their religious thoughts and conversation shall be as free as the air they breathe, that the law is of no sect in religion, has no high priest but justice. Declaring to the Christian and the Mohammedan, the Jew and the Gentile, the Epicurean and the Platonist (if any there be among us) that so long as they keep within its pale all are equal objects of its protection."

To the minds of many, even to-day, religious liberty means liberty to Christian denominations only and to other religions simply toleration; but the word "toleration" has no place in our political vocabulary, for it carries with it an implication that we by our grace may extend to others the privilege of worshiping God as they may please, while as a matter of fact men do not worship God according to the dictates of their consciences by virtue of any man-given right. The gift is direct from God and is born with us. The state which undertakes to withhold that liberty is despotic and a state that assumes to grant it is presuming to dispense one of Heaven's gifts and has the seeds of despotism in its bosom.

Nor is this liberty of which we speak confined to religionists, for a man not only has the right to worship God in his own way, but he has an equal legal right not to worship Him at all. For as Jefferson asked, Why punish him in this life because you suppose he will be miserable in that life to come?

In the years immediately preceding the passage of the statute of religious liberty it had become conceded that the Episcopal Church should be entirely disestablished, and the opposition to Jefferson's proposal took the form of what was known as the general assessment bill, which provided for a tax to support all the churches but allowed each taxpayer to designate the particular church to which his taxes should be applied. The proposition seemed very plausible, and it looked as if it would be adopted, but here Jefferson's keen comprehension of the true meaning of religious liberty shone out above other statesmen of the day who had hitherto actively or passively supported his plan of disestablishment, and over the opposition of Washington, Henry, Pendleton, and Marshall, but with the earnest support of Madison, Jefferson saved his State from marring a great principle, for the general assessment bill compelled religious contributions. It would have reintroduced law and with it, force, its necessary concomitant, into the realm of religion. It would have denied the great truth that the state has no religious function, that religion is a matter between a man and his God, that religion is voluntary, while law rests on force, that error may need the support of government, that truth can stand by itself.

Like all men who think ahead of their times, Jefferson was misunderstood and grossly abused. His position on religious liberty was assailed with unrelenting bitterness by the pulpit and the press. When Jefferson was a candidate for President, Timothy Dwight, then president of Yale University, prophesied the most terrible consequences if the ungodly Virginian should rise to power. The extent of his bitterness may be seen in the picture he drew of the conditions which would follow Jefferson's election: "Bibles would be cast into bonfires, the vessels of the sacramental supper would be borne by an ass in public procession followed by our children chanting mockeries against God, our wives and daughters victims of legal prostitution, speciously de-

luded, outcasts of delicacy, united in the loathing of God and man." This was but illustrative of the abuse to which Jefferson was subjected on account of his fight for soul liberty, and this abuse took such lodgment in misguided minds that pious women in New England, when they heard that Jefferson was elected, buried their Bibles to keep Jefferson from burning them.

How woefully the great philosopher was misunderstood! No statesman ever made a greater contribution to the cause of true religion, the real essence of which he comprehended much more clearly than his detractors. They charged him with lack of reverence for religion, but, as Bryan once said, "He is irreverent who thinks that religion needs support of government, not he who thinks that religion can defend itself."

I wonder if any of those who so cruelly misrepresented Jefferson have ever invented a better method of judging others than that disclosed by the great man when he said, "I have ever judged the religion of others by their lives, for it is in our lives, not in our words, that our religion must be read." And again, "It is a fair inference that if a life has been honest and dutiful to society, the religion which regulated it can not be a bad one." And further, "To produce the fruits of piety is far more important than to explain them."

All religions are beneficiaries of Jefferson's great struggle, for history has proven that religion flourishes most under those governments which as such seek to help it least. And yet there are some to-day still unconvinced and are trying to invoke the strong arm of the law in aid of religion. These good people forget the truth so well stated by another, "Nothing is worse done than that which is ill done for religion; that must not be done in defense of religion which is contrary to religion." And here let me repeat that religion is voluntary—law rests on force. Enforced religion is no religion at all.

Of all the wonderful sentiments which came from the heart and mind of Jefferson, there is one that grips my soul as none other. Said he, "I have sworn on the altar of God eternal hostility against every form of tyranny over the mind of man." Note that his hostility was against every form of tyranny over the mind. There was a tyranny of law, now happily passed away, but there remains in all its cruelty a tyranny which proscribes, ostracizes, denounces, and condemns those who dare think for themselves. The spirit of religious liberty will never be completely enthroned until men have a more decent regard for the opinions of others.

True, all now concede the rights of conscience; but often it is a reluctant concession, a reluctance which seemingly says, "Yes; true you have the right to make a fool of yourself; but as you do not agree with me, you are abusing your privilege." Such an attitude was well illustrated by a remark made in 1785 by a Member of the General Assembly who was appealed to by a committee of humble Baptists to vote for Jefferson's statute of religious liberty. His condescending reply was, "I am clear for giving all a fair chance. There are many roads to Heaven, and I am in favor of letting every man take his own way; but one thing I am sure—no gentleman would ever choose any but the Episcopal road."

It was ever a source of sorrow to Jefferson's great soul that so many were not liberal enough to distinguish between religious and social opposition and who transferred at once to his person the hatred they bore to his religious opinions. He declared "that the opinions and beliefs of men depend not on their own will but follow involuntarily the evidence proposed to their minds." One of his biographers remarks that opinions are determined by the general sum of experience and knowledge and there is a childish failure in dignity in permitting them to act as a divisive force between individuals. Jefferson "never permitted himself to bear this mark of immaturity" and always gave his bitterest opponents all possible evidence of personal esteem.

And right here let me say that at the risk of being called provincial I give you my definition of a Virginia gentleman. He is one who can disagree without being disagreeable. Such a gentleman was Jefferson.

Why is it that those who so freely concede my rights of property and my rights of person condemn me when I come to exercise my right to freedom of opinion?

Those who sympathize with the man who would take our property or attack our persons we class as bad men, but those who through ostracism and denunciation seek to limit our freedom of opinion are often otherwise good men and not infrequently they are religious leaders. Indeed, this may be called a vice of the virtuous.

Those who deny my rights of property are partners of thieves and scoundrels—those who deny my rights of person are partners of thugs and assassins, but strange to say those who deny my rights of conscience claim partnership with God. Rights of property, rights of person, rights of conscience, these three, but the greatest of these are rights of conscience. Truly this is a blood-bought blessing, but it can not be long enjoyed except by those who love it and are willing to defend it. To fight the slightest encroachment upon it is resistance to tyranny, which is obedience to God.

In conclusion, Baptists were pioneers in the field of absolute religious liberty, just and true liberty, equal and impartial liberty. It is the greatest service Baptists have rendered to the world. Jefferson was the political genius who took up the fight and caused the principle to be recognized by government, making his greatest contribution to political science. Thus Jefferson and the Baptists became collaborators in a great cause. When the Baptists began to fight they were weak and obscure. Now, under the providence of God, they have become great and powerful. Let it not be said of us that our love of right was for ourselves only.

Let us resist with vigor every effort to mar this sacred principle for which we have stood. Let us fight every encroachment, however slight, on the right of minority sects.

"Woodman, spare that tree!
Touch not a single bough!
In youth it sheltered me,
And I'll protect it now."

Resting under the protecting shade of this mighty oak planted by the hands of our Baptist forefathers, let us say to those who lift the axe against it, "Woodman, spare that tree; touch not a single bough. In our days of weakness it sheltered us, and we'll protect it now."

AT THE TOMB OF GEORGE WASHINGTON, MOUNT VERNON, VA.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address which I delivered at Mount Vernon to-day.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BLOOM. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address at Mount Vernon, Va., under the auspices of the American Conference on Institutions for the Establishment of International Justice, May 2, 1932:

This is a place of dreams; a place of reverie; a place of solemn memories. Standing beneath the glory of these majestic trees, before the tomb of him who lies within this ancient vault, we come as humble pilgrims, as children, seeking comfort, inspiration, and courage from the great life which ended here.

About us is the quiet, brooding spirit of George Washington. It is the calm spirit, the beautiful spirit, the courageous spirit of the man who gave so much to us. Here we feel in our most sensitive natures the soul of America—the America that George Washington brought into being and which he did all that was humanly possible to preserve after his time by leaving us his precepts and his advice.

I believe that if that long-silent voice could issue from the shadows of this shrine to us, his countrymen, he would bid us have courage, have faith, and be strong. I believe that if we attuned ourselves to that infinite spiritual message we would go from this place with new loyalty and new confidence in our future.

These are dark days for America, but no darker than the days which he experienced, and our situation is not so desperate as was his. We must take heart of his courage, faith of his steadfastness, and live with his immortal example as a light to our faltering feet.

We are apt to think in these gloomy days that our troubles are mountainous. We are afraid and uncertain. These are qualities which George Washington knew not. For at every point in his life he demonstrated exactly those qualities of mind and heart which we of to-day should strive to acquire.

The great man who lies within this silent tomb left us more than riches, more than material heritage, more even than the Nation which he created, for he left us those guiding principles to answer every national question and to form every national policy within his field of vision. And we are now only beginning to discover how far his vision extended into the future.

His rich and fruitful years brought him a harvest of wisdom which he, in his greatness, has left to us. Alert to every important political force and movement of his own time, he traced with unerring instinct the course these forces were to follow in later years and what would be their effect and consequences.

His was not only a great life rounded with the wisdom and the character of a perfect career but his also was a mind so strongly developed that he looked far into the future and left for us those standards of policy and of life that to-day, if we acknowledged and followed them, would surely lead us on out of the valley of discouragement and doubt to the shining heights of success and prosperity.

We who have been organizing the great world-wide ceremonies that mark the two hundredth anniversary of George Washington's birth have been examining his life, his deeds, and especially his opinions with a new interest, and the result has been to discover in him the most powerful intellect that America has yet produced. But intellect without unselfishness is barren; wisdom without charity is empty.

George Washington left us a heritage greater than wealth, greater than station, greater than all the vanities of the world. He left us all of the knowledge and wisdom which he had acquired and which could be applied to the problems of a future America.

These priceless possessions belong to us. They came from the heart and the mind of the man who lived in this beautiful spot and whose bodily remains rest so close to us. Here we come into intimate communion with his life and also with the soul which passed beyond. Here we must feel our dependence upon his wisdom to guide us in our social and political lives as we feel dependent upon the God of mercy to lead us in our moral lives.

There is not a problem confronting us to-day, there is not a danger threatening us, that was not in some manner embodied in the vision of this greatest of our people. In so far as our country has remained true to its ideals and safely progressing toward its

appointed destiny, it has accomplished this by leaning upon the teachings left to us by this man.

What if George Washington could not foresee the progress in transportation, communication, and science that has given this country a different aspect from that which he knew? What if George Washington did not hear the scream of a locomotive, or see airplanes flying over his beloved estate? These are not fundamental influences upon the human heart. They do not in themselves affect the souls of men and women.

The human instincts which George Washington knew so well have remained unchanged amid all this superficial miracle of development, and it is to the hearts of men of his day and for all future days that George Washington made his appeal.

He knew that men's hearts would never change. Men are of restless minds, and for this reason George Washington deemed it fit that he should work through the hearts of men to give them a sound, kindly conception of their duties to God, their country, and to themselves.

As nearly as it was humanly possible George Washington and his compatriots gave us an unchanging form of government, and we must acknowledge the transcendent wisdom which created that form of government when we remember that in principle it is exactly the same to-day as it was when promulgated by the Constitutional Convention over which George Washington presided.

It is because these fundamentals do remain unchanged and, please God, ever will remain unchanged that we continue to be a nation with unlimited ages of progress before us. But if our future as a nation is to remain secure we need always to rely on the affectionate and fatherly advice left to us by George Washington and the other great men of his time.

If this celebration in honor of the two hundredth anniversary of the birth of George Washington has accomplished nothing else than to direct our minds to a more serious consideration of his rich store of political wisdom, it would have been justified. For in that wisdom lies safety. For in that wisdom lies every national attribute that makes for stability and the happiness of our people.

As a youthful colonel on his first diplomatic and military errands against hostile forces on American soil, George Washington had impressed upon his mind the need of bringing the scattered Colonies together. He saw their need of a new sense of nationalism if they were to live in peace for the future.

As Commander in Chief of the Revolutionary Armies he began his twin labors as military leader and as statesman. While saving the Colonies themselves, he began that colossal work of welding them into one Nation and one people which is to-day our proud America.

As counselor, advisor, and conciliator, he kept a watchful eye upon the progress of the framing of the Constitution upon which he pinned his hopes and desires.

As President, he began the work of creating out of these principles and policies a fabric of government which has outlasted time itself.

We can not read the record of George Washington's life without realizing that it was a life of continuous struggle. At no time, save in the few brief years of his retirement here upon this lovely estate, was George Washington free from care or the burdens of responsibility. These cares and responsibilities were not for himself but always for his country and his countrymen, always for others; and in his great heart he thought of us to-day. Sacrifice, suffering, danger—these were with him during his days and nights.

With devout and yearning hearts we stand here in reverence beside his tomb to catch the fleeting breath of his presence. His message comes to us through that mysterious transmission of spirit that is breathed in the hush of this moment and this place. The infinite peace of God is his. Here his love and his care sustain us in the sure knowledge that he is with us and is pointing the way. He is ever pointing the way. The commander and the comrade rides ahead.

If Washington were alive to-day, would he bow his head in discouragement before the problems which we face? If that inanimate clay which lies in this sacred place should breathe again, would George Washington say to us that all is lost? Would he who brought the Nation into being fear for its safety after all the years of its glorious history?

I say no!

George Washington, with that steady, inflexible purpose, that judgment and knowledge which he possessed, would calm the turbulent waters of our present unrest and bid us go on to a greater destiny.

That is the spirit of George Washington. That is the soul which we acknowledge here in this quiet spot. No greater tribute could we pay to him who lies within this tomb than to rededicate ourselves to him and to his purposes.

No greater thing could we do for ourselves than to stand here at this solemn hour and say we will go forward with George Washington, and under God's guidance we will achieve, we will succeed, we will preserve that which he gave us.

The benediction of our Creator is here. The peace of God is upon us. We should go forth armed with new courage, new wisdom, and new determination. Thus armed we will preserve our country, and we will keep faith with Washington.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 4313. An act to prevent the successive disagreement of two juries, impaneled to try a criminal case in the Territory of Hawaii, from operating as an acquittal of the accused or from permitting the discharge of the accused from custody; to the Committee on the Judiciary.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H. R. 7119. An act to authorize the modification of the boundary line between the Panama Canal Zone and the Republic of Panama, and for other purposes.

ADJOURNMENT

Mr. RAINEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 26 minutes p. m.) the House adjourned until to-morrow, Tuesday, May 3, 1932, at 12 o'clock noon.

COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Tuesday, May 3, 1932, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m.)

Continue hearings on soldiers' bonus.

COMMITTEE ON AGRICULTURE

(10 a. m.)

Wild-life conservation (S. 263).

COMMITTEE ON LABOR

(10 a. m.)

Metcalf prevailing wage bill.

COMMITTEE ON RULES

(10.30 a. m.)

Steagall banking bill.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. ANDREW of Massachusetts: Committee on Naval Affairs. H. R. 9840. A bill providing a nautical school at the port of New London, Conn.; without amendment (Rept. No. 1191). Referred to the Committee of the Whole House on the state of the Union.

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 11332. A bill to abolish the office of the Assistant Secretary of the Navy for Aeronautics; without amendment (Rept. No. 1192). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. HOLMES: Committee on the District of Columbia: H. R. 10138. A bill to exempt from taxation certain property of the National Society of the Sons of the American Revolution in Washington, D. C.; without amendment (Rept. No. 1176). Referred to the Committee of the Whole House.

Mr. HOLMES: Committee on the District of Columbia. S. 570. An act to exempt from taxation certain property used by the National Society of the Colonial Dames of America, in the District of Columbia; without amendment (Rept. No. 1177). Referred to the Committee of the Whole House.

Mr. HOLMES: Committee on the District of Columbia. S. 1203. An act to exempt from taxation certain property of the National Society United States Daughters of 1812 in the District of Columbia; without amendment (Rept. No. 1178). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 1938. A bill for the relief of Katherine G. Taylor; without

amendment (Rept. No. 1179). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 2188. A bill for the relief of Arthur K. Finney; with amendment (Rept. No. 1180). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 3848. A bill for the relief of Ed Symes and wife, Elizabeth Symes, and certain other citizens of the State of Texas; with amendment (Rept. No. 1181). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 4064. A bill for the relief of Sarah Maddocks Ferguson; without amendment (Rept. No. 1182). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 6774. A bill to authorize amendment of the act of February 25, 1927, for the payment of damages caused by reason of the overflow of the Rio Grande on August 17, 1921; with amendment (Rept. No. 1183). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 6785. A bill for the relief of Jose Ramon Cordova; with amendment (Rept. No. 1184). Referred to the Committee of the Whole House.

Mr. CLARK of North Carolina: Committee on Claims. H. R. 6975. A bill for the relief of Rufus Hunter Blackwell, jr.; with amendment (Rept. No. 1185). Referred to the Committee of the Whole House.

Mr. DICKSTEIN: Committee on Claims. H. R. 7649. A bill for the relief of Charles A. Brown; with amendment (Rept. No. 1186). Referred to the Committee of the Whole House.

Mr. SMITH of Virginia: Committee on Claims. H. R. 7654. A bill for the relief of Vincent J. Conrad; without amendment (Rept. No. 1187). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. H. R. 10104. A bill for the relief of the heirs of Burton S. Adams, deceased; without amendment (Rept. No. 1188). Referred to the Committee of the Whole House.

Mr. MILLER: Committee on Claims. H. R. 10891. A bill to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; without amendment (Rept. No. 1189). Referred to the Committee of the Whole House.

Mr. SCHAFER: Committee on Claims. S. 1586. An act for the relief of the estate of Peter Paul Franzel, deceased; without amendment (Rept. No. 1190). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GLOVER: A bill (H. R. 11750) for the relief of the widows of Spanish-American War veterans; to the Committee on Pensions.

Also, a bill (H. R. 11751) to regulate interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. CRISP: A bill (H. R. 11752) granting a pardon to Lieut. Thomas S. Massie, Mrs. Granville Fortescue, Albert O. Jones, and E. J. Lord; to the Committee on the Judiciary.

By Mr. LOOFBOUROW: A bill (H. R. 11753) to provide for additional water supply for the Utah National Guard training camp on the Jordan Narrows Military Reservation; to the Committee on Military Affairs.

By Mr. JOHNSON of South Dakota: A bill (H. R. 11754) to grant compensation, disability allowance, or pension to enlisted men retired from the Army, Navy, Marine Corps, Coast Guard, and transferred members of the Fleet Naval and Marine Corps Reserves; to the Committee on Military Affairs.

By Mr. DELANEY: Resolution (H. Res. 209) to pardon Lieut. Thomas H. Massie, Edward John Lord, Albert Orrin

Jones, and Mr. Granville R. Fortescue; to the Committee on the Judiciary.

By Mr. LINTHICUM: Joint resolution (H. J. Res. 378) authorizing an appropriation as the contribution of the United States to the expenses of the Permanent Court of International Justice for the calendar year 1932; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 11755) for the relief of Delaware Bay Shipbuilding Co.; to the Committee on Claims.

By Mr. BOLTON: A bill (H. R. 11756) for the relief of Edward D. Wilson; to the Committee on Military Affairs.

By Mr. CARDEN: A bill (H. R. 11757) granting a pension to Frances Vaughn; to the Committee on Invalid Pensions.

By Mr. CARTWRIGHT: A bill (H. R. 11758) to renew and extend certain letters patent to James B. Coffey; to the Committee on Patents.

By Mr. CRAIL: A bill (H. R. 11759) for the relief of Jeremiah T. Sullivan; to the Committee on Naval Affairs.

By Mr. CROWE: A bill (H. R. 11760) for the relief of Oscar L. McCallen; to the Committee on Claims.

By Mr. CONNERY: A bill (H. R. 11761) granting a pension to Jennie R. Dix; to the Committee on Pensions.

Also, a bill (H. R. 11762) granting a pension to Mary F. O'Brien; to the Committee on Pensions.

Also, a bill (H. R. 11763) granting a pension to Helen E. Trefethen; to the Committee on Pensions.

Also, a bill (H. R. 11764) granting a pension to Sarah Linnehan; to the Committee on Pensions.

Also, a bill (H. R. 11765) granting a pension to Myra A. Pennington; to the Committee on Pensions.

Also, a bill (H. R. 11766) granting an increase of pension to Jennie Smith; to the Committee on Pensions.

Also, a bill (H. R. 11767) granting an increase of pension to Melissa E. Bemis; to the Committee on Pensions.

Also, a bill (H. R. 11768) granting an increase of pension to John Albert Fritz; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11769) for the relief of Joseph O'Toole; to the Committee on Naval Affairs.

Also, a bill (H. R. 11770) for the relief of Daniel Joseph Hartie; to the Committee on Naval Affairs.

Also, a bill (H. R. 11771) for the relief of Joseph H. Higgins; to the Committee on Naval Affairs.

Also, a bill (H. R. 11772) for the relief of Frank Hansen; to the Committee on Naval Affairs.

Also, a bill (H. R. 11773) for the relief of Joseph Warren Roach; to the Committee on Naval Affairs.

Also, a bill (H. R. 11774) for the relief of Philip F. Haley; to the Committee on Naval Affairs.

Also, a bill (H. R. 11775) for the relief of Harold F. Jones; to the Committee on Naval Affairs.

Also, a bill (H. R. 11776) for the relief of Franklin R. Kelley; to the Committee on Naval Affairs.

Also, a bill (H. R. 11777) for the relief of Ellen A. Farrelly; to the Committee on Naval Affairs.

Also, a bill (H. R. 11778) for the relief of William J. B. Hughes; to the Committee on Naval Affairs.

Also, a bill (H. R. 11779) for the relief of Andrew V. Donovan; to the Committee on Naval Affairs.

Also, a bill (H. R. 11780) for the relief of Harry Melville Rollins; to the Committee on Naval Affairs.

Also, a bill (H. R. 11781) for the relief of Arthur Jannelle; to the Committee on Naval Affairs.

Also, a bill (H. R. 11782) for the relief of Joseph W. Christ; to the Committee on Naval Affairs.

Also, a bill (H. R. 11783) for the relief of Herbert F. Williams; to the Committee on Military Affairs.

Also, a bill (H. R. 11784) for the relief of Harrison F. Morton; to the Committee on Military Affairs.

Also, a bill (H. R. 11785) for the relief of Henry J. McCann; to the Committee on Military Affairs.

Also, a bill (H. R. 11786) for the relief of Edward F. Maney; to the Committee on Military Affairs.

Also, a bill (H. R. 11787) for the relief of Frank H. Vose; to the Committee on Military Affairs.

Also, a bill (H. R. 11788) for the relief of Charles A. Worth; to the Committee on Military Affairs.

Also, a bill (H. R. 11789) for the relief of Herbert E. Robbins; to the Committee on Military Affairs.

By Mr. DELANEY: A bill (H. R. 11790) granting a pension to Mildred M. Tracy; to the Committee on Pensions.

By Mr. DRANE: A bill (H. R. 11791) for the relief of James S. Johnson; to the Committee on Military Affairs.

Also, a bill (H. R. 11792) for the relief of Charles R. Reagin; to the Committee on Military Affairs.

By Mr. FINLEY: A bill (H. R. 11793) for the relief of T. R. Flinchum; to the Committee on Claims.

By Mr. GREENWOOD: A bill (H. R. 11794) granting an increase of pension to Clementine Young; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11795) granting an increase of pension to Mary Agnes Dunlap; to the Committee on Invalid Pensions.

By Mr. HAINES: A bill (H. R. 11796) for the relief of Raymond A. Wolf; to the Committee on Military Affairs.

By Mr. HART: A bill (H. R. 11797) granting an increase of pension to Sarah F. Carpenter; to the Committee on Invalid Pensions.

By Mr. HOWARD: A bill (H. R. 11798) to authorize the addition of certain names to the final roll of the Sac and Fox Indians; to the Committee on Indian Affairs.

By Mr. JENKINS: A bill (H. R. 11799) granting a pension to Lucy C. Montgomery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11800) granting an increase of pension to Eliza Laird; to the Committee on Invalid Pensions.

By Mr. KELLY of Illinois: A bill (H. R. 11801) for the relief of Matt Andriasevich; to the Committee on Claims.

Also, a bill (H. R. 11802) for the relief of Nick Bernath; to the Committee on Claims.

By Mr. LUDLOW: A bill (H. R. 11803) granting a pension to Peter Straub; to the Committee on Invalid Pensions.

Also, a bill (H. R. 11804) granting a pension to Carrie J. Dahn; to the Committee on Invalid Pensions.

By Mr. MILLER: A bill (H. R. 11805) granting a pension to Sarah B. King; to the Committee on Invalid Pensions.

By Mr. POLK: A bill (H. R. 11806) granting a pension to Cecil Mason; to the Committee on Pensions.

By Mr. RAMSEYER: A bill (H. R. 11807) granting an increase of pension to Mary A. Robison; to the Committee on Invalid Pensions.

By Mr. SMITH of West Virginia: A bill (H. R. 11808) granting a pension to Mary Sullivan; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

7342. By Mr. BOHN: Petition of Ira D. MacLachlan Post, No. 3, the American Legion of Sault Ste Marie, Mich., favoring the maintenance of the national defense; to the Committee on Military Affairs.

7343. By Mr. CHRISTOPHERSON: Petition of Yankton Chamber of Commerce, Yankton, S. Dak., requesting the passage of the Frazier bill, S. 1; to the Committee on Agriculture.

7344. By Mr. DRANE: Petition of 4,500 citizens of Florida, supporting House bill 1; to the Committee on Ways and Means.

7345. Also, petition of citizens of Florida, protesting against compulsory Sunday observance; to the Committee on the District of Columbia.

7346. By Mr. FITZPATRICK: Petition signed by the members of engine company No. 7 of the fire department

of Yonkers, N. Y., opposing the curtailment of privileges and the reduction of salaries of Federal employees; to the Committee on Economy.

7347. By Mr. FRENCH: Petition signed by 17 citizens of Weiser, Idaho, protesting against compulsory Sunday observance; to the Committee on the Judiciary.

7348. By Mr. HESS: Resolution of the North-West Building & Loan Co. of Cincinnati, Ohio, opposing Federal pay cuts for employees receiving \$2,500 per year or less; to the Committee on Appropriations.

7349. Also, resolution adopted by the City Council of Cincinnati, Ohio, protesting against the contemplated abolition of the United States customs office in Cincinnati; to the Committee on Appropriations.

7350. By Mr. JENKINS: Petition signed by about 150 citizens of Jackson County, Ohio, petitioning Congress not to pass House bills 8092 or 8759, or any other compulsory Sunday observance bill; to the Committee on the District of Columbia.

7351. By Mr. LINDSAY: Petition of the New York Tow Boat Exchange, New York City, favoring the coordination and consolidation of the Bureau of Navigation and the Steamboat Inspection Service in a new bureau to be known as the Bureau of Navigation and Steamboat Inspection, as provided for in House bill 11207; to the Committee on Merchant Marine, Radio, and Fisheries.

7352. Also, petition of the National Grange, favoring the Goldsborough bill, H. R. 11499; to the Committee on Banking and Currency.

7353. By Mr. PARKER of Georgia: Petition of H. G. Hinley and seven other citizens of Herndon, Ga., urging the enactment of legislation regulating busses and trucks engaged in hauling passengers and freight; to the Committee on Interstate and Foreign Commerce.

7354. Also, petition of J. T. Aranda, of Savannah, Ga., and 23 other citizens of Georgia, urging the passage of railroad pension bill, H. R. 9891, and voicing opposition to Senate bill 3892 and House bill 10023; to the Committee on Interstate and Foreign Commerce.

7355. By Mr. RUDD: Petition of C. Ludwig Bauman & Co., Brooklyn, N. Y., opposing the elimination of the deduction of net losses sustained in a previous year; to the Committee on Ways and Means.

7356. Also, petition of the National Grange, favoring the passage of the Goldsborough bill, H. R. 11499; to the Committee on Banking and Currency.

7357. By Mr. SANDERS of New York: Petition of the directors of the Monroe County Farm Bureau, urging that House bill 10517, a bill for increasing and stabilizing the price level of commodities, be promptly reported to the House; to the Committee on Banking and Currency.

7358. Also, petition of the directors of the Monroe County (N. Y.) Farm Bureau, favoring the Norbeck-Steagall bill; to the Committee on Banking and Currency.

7359. By Mr. SHOTT: Resolution adopted by the Imperial Colliery Co. Safety Club, of Burnwell, W. Va., with a membership of 331, opposing as detrimental to the bituminous-coal industry the passage of the legislation known as the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7360. Also, petition of the Scarbro Safety Club, of 225 members, Scarbro, W. Va., opposing passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7361. Also, resolution adopted by the Summerlee Safety Club, of Summerlee, W. Va., representing a membership of 275, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7362. Also, resolution adopted by the Lochgelly Safety Club, Lochgelly, W. Va., with a membership of 205, opposing the passage of the legislation known as the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7363. Also, resolution adopted by the Alpha Poca Coal Co. Safety Club, Alpoca, W. Va., with a membership of 175,

opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7364. Also, resolution of the Kiwanis Club of Charleston, opposing the passage of the bill known as the Evans bill, H. R. 5840; to the Committee on the Public Lands.

7365. Also, resolution adopted by the American Legion, Wyoming County Post, No. 106, Mullens, W. Va., requesting that Congress pay the adjusted-service certificates in full at once without deduction of any interest due on loans already made on such certificates; to the Committee on Ways and Means.

7366. Also, resolutions adopted by Groups 3 and 4 of the West Virginia Bankers Association, opposing the Davis-Kelly bill; to the Committee on Interstate and Foreign Commerce.

7367. Also, letter of the Emmons Hawkins Hardware Co., of Huntington, W. Va., and signed by J. L. Hawkins, vice president and treasurer, opposing as disastrous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7368. Also, resolution passed by the Norton Safety Club, Norton, W. Va., opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7369. Also, resolution of the Winding Gulf Safety Club, with a membership of 600, Winding Gulf, W. Va., opposing the bill known as the Davis-Kelly coal bill as detrimental to the bituminous-coal industry; to the Committee on Interstate and Foreign Commerce.

7370. Also, resolution of the Covell Safety Club, Covell, W. Va., representing a membership of 150, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7371. Also, letter signed by R. E. L. Quesenberry, of Kimball, W. Va., representing 21 shop employees on the Norfolk & Western, opposing as harmful and dangerous to the bituminous-coal industry the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7372. Also, letter signed by M. M. Harris, H. F. Brooks, and Grat Rose, of Wilcox, and representing 33 shop employees on the Norfolk & Western, opposing passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7373. Also, resolution adopted by the Whipple Safety Club, Whipple, W. Va., composed of a membership of 300, opposing as detrimental to the bituminous-coal industry the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7374. Also, resolution passed by the Prudence and Harvey Safety Club, of Harvey, W. Va., with a membership of 330, opposing the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7375. Also, resolution adopted by the Oakwood Safety Club, of Carlisle, W. Va., with a membership of 350, opposing the passage of the Davis-Kelly coal control bill; to the Committee on Interstate and Foreign Commerce.

7376. Also, resolution passed by the Southwestern Virginia (Inc.), of Wytheville, Va., a regional chamber of commerce, opposing the Davis-Kelly coal control bill as interference to a free and competitive selection of suitable coals to meet the requirements of various sections of the country serving that entire section; to the Committee on Interstate and Foreign Commerce.

7377. Also, letter signed by C. H. Woods, H. W. Gillette, R. B. Muncy, J. M. Plymale, and J. C. Brown, all of Kenova, W. Va., and representing 33 shop employees of the Norfolk & Western Railroad, opposing, as interfering with the production and development of the coal industry in the territory served by that railroad, the passage of the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7378. By Mr. SMITH of West Virginia: Resolution of the Mallory Safety Club, Mallory, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7379. Also, resolution of the Landville Safety Club, Landville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7380. Also, resolution of the Accoville Safety Club, Accoville, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7381. Also, resolution of the Youngstown Mines Safety Club, of Dehue, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7382. Also, resolution of the Jodie Safety Club, of Jodie, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7383. Also, resolution of the Marfrance Safety Club, of Marfrance, W. Va., opposing the Davis-Kelly coal bill; to the Committee on Interstate and Foreign Commerce.

7384. By Mr. WHITE: Petition of citizens of the city of Toledo, Ohio, protesting against legislation before this House to compel Sunday observance; to the Committee on Merchant Marine, and Fisheries.

SENATE

TUESDAY, MAY 3, 1932

(Legislative day of Friday, April 29, 1932)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 460. An act to give war-time commissioned rank to retired warrant officers and enlisted men;

S. 2428. An act to provide for the confirmation of a selection of certain lands by the State of Arizona for the benefit of the University of Arizona;

S. 2967. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; and

S. 3953. An act to amend the act approved February 7, 1927, entitled "An act to promote the mining of potash on the public domain."

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 283. An act to provide for conveyance of a certain strip of land on Fenwick Island, Sussex County, State of Delaware, for roadway purposes; and

S. 3908. An act to amend title 33, chapter 4, section 252, paragraph (a), of the Navigation Rules for the Great Lakes and their connecting and tributary waters.

The message further announced that the House had passed the bill (S. 2396) to amend section 11 of the act approved February 22, 1889 (25 Stat. 676), relating to the admission into the Union of the States of North Dakota, South Dakota, Montana, and Washington, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 24) thanking the Governor of the State of Virginia for the statues of George Washington and Robert E. Lee, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 79. An act to provide for conveyance of a portion of the Liston Range Rear Lighthouse Reservation, New Castle County, State of Delaware, for highway purposes;

H. R. 4709. An act providing for the establishment of a term of the District Court of the United States for the Southern District of Florida at Orlando, Fla.;

H. R. 6688. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;